

**INSIDE:**



**Robert White's labors/The dollar's fall**

# Maclean's

MARCH 4, 1985

CANADA'S WEEKLY NEWSMAGAZINE

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## The Secret Defence Plan

**A new weapons and  
warning program  
for the North**

**Blueprints for a  
nuclear emergency**

**The cruise test and  
the peace movement**



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CANADA'S WEEKLY NEWSMAGAZINE

**Maclean's**

MARCH 6, 1985 VOL. 85 NO. 09



**The dollar's dramatic fall**  
 As the American greenback outlasted its upward fight on international currency markets last week, the Canadian dollar fell to an all-time low of 72 cents. —Page 39



**Defending a shantytown**  
 In South Africa's rising spiral of violence 18 Maclean died in Crossroads shantytown while 35 opposition leaders were detained on charges of treason. —Page 22

**COVER**

**The secret defence plan**

A controversial cruise missile test over northern Alberta last week was only the tip of a much larger Canada-U.S. defence issue. Maclean's learned that Washington and Ottawa are preparing to sign an agreement in Quebec City on March 17 providing for far more extensive military co-operation in the Canadian Arctic and elsewhere. —Page 38

COVER PHOTO: MICHAEL GARDNER / PHOTOGRAPHY



**Labor under siege**  
 Bored by a wave of conservatism, a bad public image and the failure to organize private sector white-collar workers, unions are anxiously searching for solutions. —Page 35



**A third 'miracle heart'**  
 Last week a retired auto worker became the third man to receive an artificial heart. But despite that success, some doctors still remain skeptical. —Page 47

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## A Wonderland week

It was a week that provided a Wonderland of high tensions. In Alberta the cruise, for the first time, flew over Canadian territory free of its 10-62 bomber carrier. The new-fabric protests arose from peace groups, the federal government, second by an agreement with Washington to test the cruise, made no comment, and so less a leader than British Prime Minister Margaret Thatcher congratulated Ottawa for displaying its commitment to North American defense. But there was little comment on the nature of the radar-reading missile itself. Somehow the fact that the Americans have announced that they will stop production of the Boeing air-launched cruise far short of the target number in favor of a far more sophisticated stealth missile caught attention. The very rationale for the controversial tests had disappeared—and no one seemed to have noticed.

Indeed, stealth was the watershed. Because Canadians received only two days' notice of the test, many assumed that testing decisions are last-minute affairs. But the 8-62 crew knew the scheduled date two months in advance.

And according to Vancouver Bureau Chief June O'Brien, who wrote part of the cover package, a major reason that Washington is so insistent on testing the cruise in Canada is that the missile has crashed or behaved erratically on too many flights in the United States to convince any group of Americans to let it overfly their territory again.

At the same time, Washington Bureau Chief Martin McDonald discovered that Prime Minister Brian Mulroney and President Ronald Reagan will sign a major defense accord in Quebec City on March 17, canceling Canada's paying 48 per cent of the cost of a new early-warning radar strip in the Arctic. Canadians paid nothing for the construction of the system's predecessor, the Distant Early Warning (DEW) Line, built in the 1960s. Still, Canadian officials hailed the agreement as a major achievement. It might have made sense to Allen.

*Kevin Doyle*

March 14, 1993

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Take this simple test, and see if what you find out about small business doesn't surprise you.

1. Based on number of employees, how does Statistics Canada define a small business?  
A. Employing fewer than 10 people  
B. Employing fewer than 50 people  
C. Employing fewer than 100 people

2. What percentage of all jobs in Canada are provided by small business?  
A. 25% B. 12% C. 37%

3. How many jobs does small business account for in total?  
A. 1,000,000 B. 2,600,000  
C. 1,800,000

4. What percentage of new jobs are provided by small business?  
A. More than 50%  
B. Between 30% and 40%  
C. Less than 25%

5. What percentage of services, construction, manufacturing and trade businesses are classified as small business?  
A. Under 55%  
B. Between 55% and 85%  
C. Over 85%

6. How many Canadians earn half or more of their income from self-employment?  
A. 500,000 B. 300,000 C. 100,000

7. Of the above, how many of these people are under age 30?  
A. 30,000 B. 90,000 C. 60,000

8. How many are women?  
A. 55,000 B. 145,000  
C. 100,000

9. What percentage of all loan dollars to small business is provided by the chartered banks?  
A. Less than 50%  
B. Between 50% and 80%  
C. More than 80%

10. Which problem did small business people identify, in a recent survey, as one of their five most serious problems?  
A. Total tax burden  
B. Financing availability  
C. High wages

\*Figures are largely based on figures available from Statistics Canada. The definitions of a small business may be based on number of employees, annual sales volume, or loan or credit and may vary from government to government. References and sources will be provided on request.

ANSWERS: 1. B; 2. C; 3. B; 4. A; 5. C; 6. A; 7. B; 8. B; 9. C; 10. A.

This quiz is presented by The Canadian Bankers' Association on behalf of:

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## Amiel answered

Regarding Barbara Amiel's Feb. 28 column, "Cutting comments on CRO cuts" is all fairness to the public, a few of Amiel's statements should not go unanswered. It is wrong to suggest that the corporation "has such a top management job, enhanced the underperforming areas of the CRO and ruthlessly cut... staff creative talent." I categorically deny that at any time in our budget-reducing operation the corporation ever fended program cuts over retaining administrative staff. The facts speak for themselves: 46 per cent or \$40.95 million of the cuts were realized in administration and overhead, 55 per cent of the cuts were made in network and regional program activities. It is irresponsible to suggest that the CRO is involved in a campaign—or even attempted—to "sabotage" the minister of communications. The management of the CRO dealt openly and respectfully with every request for information from the department of communications. It is unfair to suggest that the CRO was reluctant with information concerning cuts to management. In fact, Amiel was provided with the number of management positions abolished (258) and the number of eliminations in positions in which the salary was higher than \$65,900 (183). She chose not to use this information. It is ridiculous to suggest that "the few Tory supporters in the CRO have now been used," the CRO does not have a fire on the base of party affiliation. It is unfortunate in suggesting that I found the recent budget-cutting exercise in any way amusing. The deci-



James Gault speaks for themselves

sions on how and where to make the cuts were among the most agonizing and difficult that I have ever had to make in my professional career.

—FERRIS JEWELL,  
President,  
Canadian Broadcasting Corp.,  
Ottawa

## Premature death

Regarding "The CRO faces the music" (Media, Dec. 28) Joseph, the report of the pending demise of Radio Canada has proven to be premature. Radio Canada will continue to be published weekly, now as part of CMC Enterprises.

—NORM GEDYPOLE,  
Business Manager,  
cm's Radio Canada,  
Toronto

## Pressure tactics

In *Maclean's* Feb. 13 issue ("A war over a man's heart," Review essay) I am referred to as follows: "... he is ready to confront loggers—and risk being found in contempt of court." I have always upheld Canadian law and will always do so. To be portrayed in your magazine as a lawbreaker is detrimental to my struggle to prevent Bears Island from being logged. As a shareholder of Blue-White (Blaire), I advocated a timber exchange with the provincial government to save Bears Island as a part of Canadian heritage. This was suggested to the executive of BW, and as a motion to the shareholders at the last meeting in April, 1985. It is in this form of pressure that I have used, and will use again.

—HARRY W. TILGEMAN  
Telford, B.C.

Letters are edited and may be condensed. Writers should supply names, addresses and telephone numbers. Mail correspondence in letters to the editor, *Maclean's* magazine, Attention: Reader Reply, 777 Bay St., Toronto, Ont. M5W 1A7.

**RESIGNED:** Clive Posing, 36, a senior official in the British defense ministry, faces the civil service. Posing was acquitted two weeks ago on charges of violating the Official Secrets Act after he provided documents concerning the sinking of the Argentine cruiser General Belgrano in the Falklands War to opposition MP Tom Dainoff. Posing, who had his security clearance lifted by the defense ministry two weeks ago, spoke out against the government's "inability to accept the implications" of his trial verdict.

**NEVED:** Relief pitcher Bill Canfield, 25, with the Toronto Blue Jays baseball club, to a five-year contract worth approximately \$5 million. The agreement makes the pitcher the highest-paid reliever in Canada. The Jays, whose pennant chances have been hindered by the lack of a good relief pitcher for years, are counting on Canfield, who "saved" 86 games in his last three seasons, to improve their fortunes.

**DEATH REVEALED:** Bureaucratic and war hero Walter Leslie Forster, 51, after a heart attack on Feb. 23, in Montreal. Forster, a civil engineer, was instrumental in the formation of Genstar Corp. and Penobscot, both in England and a Canadian resident since 1962, he was awarded with a CBE and the US Legion of Merit after a distinguished career during the Second World War.

**SENTENCED:** Four Hamilton, Ont., men, Giuseppe Antonino, 34, William Raskin, 35, Anthony Maritano, 35 and Dominick Maritano, 38, to prison terms from five to 12 years for their part in the contract killing of murdered Toronto mobster Dominic Ercola in December, 1983. The identity of the actual killer, who shot Ercola five times with a .38 revolver, remains unknown.

**DEED:** Author of the children's *Duck and Jane* primary reader series, Elizabeth Riley Montgomery Johnson, 82, at Providence Medical Center in Seattle, Wash. Johnson introduced the characters Dick, Jane, Spot and Betsy in the books, beginning with *My Look and See*, in 1948. She was also a writer of biographies, including works on Henry Ford and Dag Hammarskjöld.

**DEED:** Clarence Nash, 92, the squawky, wise behind Walt Disney cartoon character Donald Duck for the past 36 years, of leukemia, in a Los Angeles hospital. Nash also supplied the voices of Dumbo and, at times, Mickey Mouse and Minnie Mouse. He used to comment, "I wanted to be a doctor and ended up the biggest quack in the world."

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## The Pope and the Dene

By Ann Walmsley

**I**king, the first one in weeks, and it descended suddenly only hours before John Paul II was due to arrive. As the Pacific Western Airlines 737 carrying the Pope approached the island capital of Port Moresby, N.M.P., for a 10:30 a.m. landing, a thick rain cloud, 15-20 Canadian foot tall September, 4,000 feet, dense and misty handied down on damp blankets praying and glancing skyward But after the plane drifted the village for much less than half an hour, the rain cleared and the Pope and his entourage were welcomed by a crowd of about 100 people. The Pope and his entourage were welcomed by a crowd of about 100 people. The Pope and his entourage were welcomed by a crowd of about 100 people.



*Port Singapore national on and of line*

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[illegible]

Two weeks ago three Dene leaders—Stephen Kakfwi, president of the Dene nation, James Anetok, chief of the Fort Simpson Dene, and James Villeneuve, mayor of Fort Simpson—travelled to the Vatican to seek forgiveness and to formally invite the Pope to return to Canada in June. Should the pontiff agree, it will mark the only time that he has visited a non-European country twice within one year. Spending for the hopeful northern natives, Joe Gaville Pichel, a Fort Simpson priest, said, "I like to think there is something beautiful in space for us."

The Duke's pilgrimage to Rome is one of many repercussions from one of the most popular and emotional state visits by any leader to Canada. Nearly 10 years after the Canadian Conference of Catholic Bishops (CCC) and the federal government began the joint organizational job that brought a pope to Canada for the first time, the after-effects of his visit are still being felt. Roman Catholic dioceses have begun to dig out the \$12.5-million debt which they incurred as part of their share of the \$50-million cost of the visit. Catholic priests and volunteers say now are beginning the delicate task of discerning a moral and spiritual direction from the Pope's extensive messages to his Canadian followers.

The final Part Simpson meeting was the only major law in a town that elected John Paul through 68 votes in 15 days. But because of the remoteness of the location and the difficulty of assembling to many northerners in one place, the cancellation was devastating. Three thousand Deer, Minks and Inuit had driven hundreds of kilometers across harsh terrain, clustered planes and buses and boated along frigid rivers to converge on the village of 510 residents, located where the Liard and Mackenzie rivers join. Many of the elderly pilgrims and their families had traveled for 100 miles to the Part Simpson 30-mile-old outposts, Colville Gully, to watch the Pope's non-show: "You could not be sure, it was less the will of God."

John Paul himself had requested that a stop be included in his hectic itinerary to enable him to meet with Canada's indigenous peoples. His visit was to have lasted three hours, during which he would have been the guest at a unique native-Catholic spiritual ceremony and delivered a message in support of Canadian natives seeking self-determination.

One consideration for Fort Simpson is that at least part of the loss incurred when the Pope failed to arrive will be recovered through an insurance policy taken out by the CRTC. The conference will file an insurance claim for between \$500,000 and \$800,000 against the non-appearance of the pontiff. Organizers invested \$1 million in preparations, in-



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cluding nearly \$50,000 for a wooden podium topped by a 30-foot-high white open tape. Another \$20,000 was spent meeting a concrete-and-stone monument, another monument depicting a cross. Doves, doves and a dove symbolizing peace and peace houses. The village of Port Simpson spent roughly \$170,000 building temporary sites and an instant tent city for the 200 journalists who flocked to the village. According to Publ, some of the insurance money will be used to reimburse the travel expenses of roughly half of the natives who assembled in Port Simpson, including

about 200 Port Norman residents who together spent \$15,000 in their attempt to see the Pope. For the Roman Catholic Church there are even larger debts to resolve. Among the fund-raising efforts by churches across the country was a Toronto dinner held last November by Toronto Cardinal Carter, archbishop of Toronto, and attended by such dignitaries as then-Ontario Premier William Davis. The occasion generated \$350,000 toward Toronto's \$4.6-million bill, spent largely on the Deserivier and St.-Marie-among-the-Rocks masses, Quebec City and

Vancouver have already paid their debts to construction companies and other creditors, and in Halifax organizers have raised \$50,000 of the \$200,000 owed by buying a one-line bus on the city's parishes. Said Hugh William Wambold, the co-ordinator of the Nova Scotia visit: "Our major mistake was to get involved in a souvenir program after being taken in by high-pressure tactics. It was a total loss." Indeed, the dismal souvenir sales before and during the visit across Canada have prompted some dioceses to distribute small memorabilia to parishes. The conference will also give away two Catholic-made Popemobiles, each valued at more than \$100,000—one to the Museum of Science and Technology in Ottawa and the other to the Pope.

In marked contrast, the CBC has earned substantial profits from the papal tour. Using the hours of colorful television footage that its cameramen collected during the visit, the corporation has produced 10 lively 30-minute video cassettes of the national tour, each featuring on one of the 10 major sites on the Pope's itinerary. At a cost of \$380,000 each, the videos have generated sales of almost \$1.5 million. Said Glenn Witman, CBC Enterprises' director of publishing: "They have outsold Michael Jackson's video cassette and the series has gone platinum." Next month the CBC is releasing a new series featuring seven specific sites on the tour, including the Polish rally at Toronto's Canadian National Exhibition Stadium and Winnipeg's Ukrainian service at Saints Vladimir and Olga Cathedral.

But the Catholic church gained in more substantive ways, according to the tour organizers. The results of a Gallup poll released by the conference last January and based on interviews with 1,038 adults showed that 39 per cent of Canadians said the Pope's visit had changed them, most often by strengthening their faith. Fully 42 per cent said that the tour had caused them to think about spiritual matters more often. And Catholic parishes across the country claim that church attendance has improved markedly since the Pope's trip. Said Wambold: "Catholics who have been dormant are coming forward, and we are amazed at the numbers of people now returning to the parish hall."

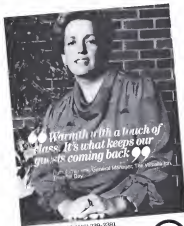
In Port Simpson, the telltale signs of the Pope's failed mission remain. The podium and monument still stand, now under a protective layer of snow. And many of the native people say they are still so optimistic that the pope will visit. As Stephen Kochej put it, "When I heard the Pope say, 'I invite myself back again to Canada,' I knew that the pope had intended to return to Port Simpson—that he was really speaking to us."

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## A pioneer's changing role

The historic operation took five hours to complete. In December 1987, Dr. Christina Barnard, the brilliant daredevil surgeon at Cape Town's Groote Schuur Hospital, performed the world's first heart transplant. He removed the heart of a 34-year-old anaesthetizing machine operator who had been killed in a car accident and placed it in the chest of 58-year-old businessman Lewis Winkler, who was dying of an irreparably damaged

heart. Although Barnard prolonged the patient's life by a mere 20 days, the procedure that he pioneered has since added years to the lives of thousands of transplant recipients—and established the landmark South African doctor as lasting fame. In 1983, after 16 years of celebrity during which he taught heart transplant technology around the world and wrote several novels and an autobiography, the perceptive surgeon finally put down his scalpel, his fingers crippled

by painful rheumatoid arthritis. Admitted Barnard, who had been head of Groote Schuur's cardiac unit for 25 years: "There are days now when I just cannot put on the gloves any more."

Currently, Barnard, now 62, is extremely active. When he is not in Cape Town preparing a syndicated weekly column for a chain of South African newspapers, he is on one of his two cattle farms near the eastern Cape Province town of King's. As well, the longtime critic of apartheid still travels around the world to lecture to medical students and professionals. And he has become the director of the International Preventive Medicine Institute, a research and diagnostic centre specializing in psychosomatic disorders, cardiovascular illnesses and the early detection of cancer. The centre is part of a multi-million-dollar health spa known as Eco-World, now nearing completion on the small Greek island of Kos—where another famous doctor, Hippocrates, the father of modern medicine, first practised about 25 centuries ago. Said Barnard, "We chose Kos because since 500 B.C. it has been a disease moon where people came from around the world to get well."

Kos is an appropriate setting for Barnard's illness. The air is pure, mineral springs bubble in numerous locations, and in a tiny square stands a brimmed plain that many Greeks claim is the one beneath which Hippocrates taught. Nearby, Barnard's minimalist white minimalist stands beside Hippocrates Palace, a shining new resort hotel with 170 rooms and a two-story glass of ice cream in the lobby. Eco-World will eventually feature a separate 240-room luxury hotel, a village of 363 guest houses, a clinic for major and cosmetic surgery, a conference centre, sports facilities, business and clubs.

But in the Aegean, where spas and resorts are common, Eco-World is distinguished primarily by its celebrated director. Care photographed with politicians, a pope and renowned movie stars—including Italian actress Genia Lollabrigida, with whom the ex-surgeon was romantically linked—Barnard has received pledges from such luminaries as Jack Nicholson, Sophia Loren, Omar Sharif, Bo Derek and Maudie's Princess Caroline that they will visit Eco-World in 1995. As well, he and his two partners expect an influx of medical pilgrims from around the world. Said Barnard, who will deliver lectures at the centre for several months this year and supervise a staff of 55: "We are following the Hippocratic credo that prevention is better than cure." Clearly, the renowned writer, farmer and heart transplant pioneer is still very much involved with medicine.

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## Star Wars and dollar doldrums

By Charles Gorden

Answering your questions about the Canadian dollar.

**Is the Canadian dollar in a slump because the Canadian economy is weak?**

No. The Canadian dollar is in a slump because the American dollar is strong. Why is the American dollar strong? The American dollar is strong because of the American deficit.

In other words, the American deficit is coming down and business confidence is up, and that makes the American dollar strong.

Yes, exactly, no. The American deficit is higher than it has ever been, and business confidence has been better. How does this business confidence make the American dollar go up?

Because Americans are afraid the high deficit is going to force the government to raise interest rates.

If high interest rates are bad for an economy, how can they help the dollar?

People who invest using American dollars get a higher rate of return because of the high interest rates. So more people are buying U.S. dollars in event. That makes the U.S. dollar strong.

Would Canadians be among those who buy American dollars?

This has been a good way for Canadians to get rich. They sell Canadian dollars and buy American ones to take advantage of the high interest rates.

Is this a patriotic thing to do?

No people think not. Buying American dollars drains the value of Canadian dollars down. Then Canada has to raise its interest rates in order to keep the value of the dollar from falling still further. Other people think that, unwittingly, those who sell Canadian dollars are doing their country a favor. By forcing the value of the dollar down, they are making Canadian exports more attractive, and that helps the export industries. At the same time, a lower Canadian dollar makes imports more expensive so Canadian buyers benefit of them, and more products that are produced at home. So you could say that the people who unwittingly sell a bundle of themselves for selling Canadian dollars and buying American ones are really doing their country a favor.

Has the Canadian government ever seen any need to do these people?

Not as far as anyone knows.

But the Canadian government must be happy that the dollar is dropping.

The Canadian government is never

happy about the dollar dropping. No matter which party is running the government, it just doesn't feel right, sure. Through the Bank of Canada, it keeps trying to prevent the dollar from dropping more by raising interest rates. How does this help?

It helps by making investment in Canada more attractive because of the high interest rates. So smart people sending foreign investors, say Canadian dollars in order to invest here.

So keeping the Canadian dollar up by raising interest rates increases the amount of foreign ownership?

That is correct. But the economy is strong, even if we don't own it.

So to keep the American deficit—what is it up to? Isn't the President a fiscal conservative who believes in balanced budgets?

The President also believes in deficits. The defense budget is what drives his deficit up.

***The purpose of the Star Wars plan is to frighten the Soviets with the thought that the system might be built.***

Why is the U.S. defense budget rising?

The U.S. defense budget is rising because of the so-called Strategic Defense Initiative, a plan to put high-powered gizmos—called the technical jargon—in outer space to shoot down enemy missiles before they can do any damage.

Is this known as the Star Wars plan?

Credibly, yes, by headline writers who call the Strategic Defense Initiative a prelude plan.

If you understood defense planning you wouldn't ask such a question. It doesn't matter whether it is practical or not. The purpose of the Strategic Defense Initiative plan is to frighten the Soviets with the thought that it might be built. It is better not to build it, because if it is built the threat of building it is not so good any more.

Does Canada support the Strategic Defense Initiative?

Canada supports Star Wars as a research project. Canada has not decided what to do if the research project is successful and the Americans actually

decide to build the thing.

Is this an unusual position for Canada to be taking?

In the light of the history of Canadian policy toward the United States, no. Isn't this common-sense getting a bit away from common sense?

Certainly not. It all has to do with the dollar.

Should it be fair to say, then, that because of the Star Wars plan the American interest rates are going up, causing the American dollar to go down, causing Canadian interest rates to go up? And would it be fair to conclude that Canada's interest rates going up will cause the Canadian dollar to go up?

Yes, because the Canadian government will be forced to pay higher interest rates on the money it owes and because higher interest rates slow down economic growth, thereby causing less money to be collected in taxes.

So the Canadian government, by supporting Star Wars...

Only as a research project.

So the Canadian government, by supporting Star Wars only as a research project, is supporting a weaker Canadian dollar, higher interest rates and a higher deficit?

Yes.

Does the government know that?

The Canadian government, by many things to think about, and it has may have slipped its mind.

What other things does the Canadian government have to think about?

It has to think about its relationship with its most important ally and trading partner.

Does this mean it would make the Americans mad if we did not support Star Wars?

This is difficult to know. If the Americans were as honest as they, however, there could be severe consequences.

Such as?

They could raise interest rates and cut off American investment in Canada.

What would be the impact of that?

The Canadian dollar would drop, and we would have to raise interest rates.

But isn't that already happening anyway?

Yes.

But we're supporting the plan?

Only as a research project.

Certainly. What are friends for?

Charles Gorden is a columnist for the Ottawa Citizen.





# A resurgent nuclear debate

By Michael Clagson

Only 807 feet long but capable of carrying a warhead with more than five times the power of the bomb that destroyed Hiroshima in 1945, the cruise missile streaked through the sky above Wandering River, Alta. On the ground, at least 84 feet beneath the flight path, Grompene protesters lobbed balloons toward the cruise, while pre-American demonstrators held up

faces of what U.S. officials termed a spreading "nuclear allergy." And critics in Canada claimed that in time of war Ottawa would have no real choice but to accept U.S. weapons.

At the same time, Maclean's has learned details of a joint U.S.-Canadian undertaking to build a new multi-million-dollar North Warning Station radar station in the Canadian Arctic that raises questions about Canada's future capacity to make independent military decisions (page 12). With Par-

liament in the ANZUS alliance linking Australia, New Zealand and the United States after New Zealand refused last month to allow an American warship that might have been carrying nuclear weapons to use one of its ports.

In Washington, British Prime Minister Margaret Thatcher criticized New Zealand but repeated suggestions that Canada might be voicing as its involvement with U.S. defense planning. At a news conference during a three-day visit to the U.S. capital, Thatcher noted that Canada "did some testing of cruise missiles on her territory, and that was, I think, her contribution to giving the cruise missiles deployed on time."

**Attack:** The missile—air-borne Boeing Aerospace Co. products—have been extensively tested in the United States, and 98 bombers of the U.S. Strategic Air Command each have been fitted with 32 of the nuclear-armed weapons since they went into service late in 1983. But last week's test over Canada was designed to find out whether the terrain-tracking, computer-guided weapons could find their way over the world of snow-covered expanses they would encounter in an attack on the Soviet Union. Under an agreement signed on Feb. 24, 1980, former prime minister Pierre Trudeau's Liberal government gave the United States permission to conduct as many as six tests a year in Canada until 1988. (Five days after the signing of the umbrella U.S.-Canada pact providing for the tests, the U.S. Air Force announced plans to cut off production of the Boeing missile in 2005 at 1,700 missiles instead of the planned 3,400, in favor of a so-called stealth cruise missile designed to evade detection by modern "look-down" radar systems.)

In the initial Canadian tests—the first in March, 1984, and the second in January of this year—the missiles were simply carried over their 1,600-mile route from the Brandon Sea to Alberta. Outlined under a wing of a B-52. But last week the jet-powered cruise—virtually identical to those that have crashed or failed at least 18 times during 55 U.S. tests—first for the first time as its own in Arctic conditions. Harassed by short notice, anticruise demonstrators turned out to mock nuclears across the country, ignoring peering men in Vancouver, about 150 peace-bearing demonstrators met outside the Progressive Conservative party's provincial headquarters on the day of the test, cheering



Cruise missile of Cold Lake, Alta. Washington has little patience with 'nuclear allergy' among its allies.

"Cruise so much, we don't want war!"

Bob John Gifford, a 38-year-old Vancouver gardener. "Canadian support for cruise missile testing shows that we are a part of the arms race," he says. In 1985, 155 demonstrators gathered outside Tory party headquarters, but in Ottawa—where the Supreme Court rejected a last-minute attempt by the disarmament group Operation Dismantle to stop Canada's tests—the 15-demonstration on Parliament Hill were outnumbered by journalists covering the protest.

**Winnipeg:** The cruise test raised new concerns about Canada's defense posture. Opponents of the cruise test argue that the missile could make a nuclear disarmament treaty difficult to verify because they are small and easy to hide. They also contend that the nuclear war part of a move by the United States away from the old concept of Mutual Assured Destruction (MAD)—which assumed that neither superpower could risk nuclear war—toward the idea of a winnable nuclear conflict. Cruise missiles, said Bill Robinson, a researcher for the Operation Dismantle organization, "lead toward a war-fighting strategy, in which pre-emption (first

attack) becomes a primary goal."

**Douglas:** At the same time, the test followed signals that Washington has little patience with allies who show resistance to becoming involved with nuclear exercises or bases. After New Zealand barred the U.S. warship, Washington officials discussed military and economic sanctions. The subsequent U.S. tests delivered a clear political message and that U.S. weapons would only be

deployed on friendly territory "in agreement with the states directly concerned." But an unnamed Reagan administration official told The New York Times that Washington was willing to "hold our allies' feet to the fire." The official added that "we will not be put in a position where they want our protection but without the necessary weapons in place to do the job."

In Canada, opponents of the Mulroney government expressed doubt that with the contingency plans in place the United States would, in case of threatened hostilities, wait for Ottawa's consent before deploying its weapons. Liberal and disarmament critic Lloyd Axworthy drew a hypothetical scenario in which chief Defense Minister Joe Clark "at 9:30 in the morning, told that the things are coming up. Maybe yes, maybe no. Let's get serious."

The Mulroney government is planning a major review of national defense issues. It is to begin this spring with the publication of a green paper setting out policy options for public debate before decisions are settled in a white paper by the end of the year. But in a season of nuclear allergy, that debate was already under way. ◇



Picking up after the test at Pioneros Lake is a ship reminder from Washington.

the Stars and Stripes and sang God Bless America. Unfazed, the missile continued to soar destination at the Canadian Armed Forces' Pioneros Lake, Alta., weapon used to complete the first free flight by an air-launched cruise missile outside U.S. territory.

The image of a missile flying over representatives of conflicting ideas about war and peace was an apt metaphor for a resurgent worldwide debate. Last week's cruise test took place at a time of growing discord in Canada and other nations about the terms and costs of military ties with the United States. The test followed a U.S. state department note in which reminding them of their military obligations to the

United States for a midwinter break, Canadians were given only two days' notice of last Tuesday's test—although the B-52 crew members who carried out the flight told Maclean's that they had known since late last year that it was scheduled for last week (page 12).

**Winnipeg:** The debate over the implications of involvement in U.S. military strategies reemerged in world capitals. In Canberra, opposition politicians attacked Australia's prime minister, Bob Hawke, for allegedly undermining ties with the United States by refusing to allow the United States to monitor tests of U.S. air missiles off Tasmania. Opponents of the peace movement also criticized Hawke for failing to display





U.S. F-15 intercepts the North Warning System, a Trojan horse carrying a challenge to Canadian sovereignty

COVER

## An ominous Arctic shield

By Marel McDonald

**T**he scenario is a recurring nightmare to military planners: Soviet Berr-Ber intercontinental bombers take off from their bases in Siberia, armed with an X-15 nuclear cruise missile. They fly north over the polar cap toward the Canadian High Arctic. With ease they skirt detection by the three-decade-old capabilities of the Distinct Early Warning (DEW) Line. Slipping through the gaps in its radar over Labrador, they release their deadly low-flying missiles, aimed at striking deep into the heart of the continent, crippling military installations and cities alike.

That possibility—already graphically depicted in a Senate defense committee report released in Ottawa early this year—is the main reason for a new \$2.3-billion Canada-U.S. cost-sharing agreement to refurbish the antiquated DEW Line. President Ronald Reagan and Prime Minister Brian Mulroney will sign the agreement as the outcries of their "shamrock summit" in Quebec City on March 17. Under that accord, Mulroney has learned, the Canadian government will pay 40 per cent of the cost of modernizing the DEW Line, a 1,500-mile-long early warning system, in

It will be called—approximately \$300 million to \$800 million. In return, Canada will reimburse the same amount in national defense commitments from its construction. But under a wider understanding about overall additions to the system between defense officials of both countries—and based on already-existing contingency agreements—the pact opens the possibility for the eventual deployment of U.S. F-15 fighter-interceptors on Canadian territory in times of crisis.

Specifically, the agreement promises to give Canadian defense forces control over the tenders and building of the entire short-range radar phase of the project—39 automated microwave radar units—as well as its communications system. Those automated short-range radar stations will fill the gaps between 12 long-range radar installations which the United States Air Force has already ordered from General Electric. Altogether, the 52 radar posts will be strung out across nearly 5,000 km of Arctic coastline from Alaska to the eastern coast of Labrador by 1982. Work is scheduled to begin this summer on the first installations, which will be built on

have been dismantled, as well as on entirely new locations. In addition, Canada will foot the bill for half of the system's annual operating budget and for nearly 50 per cent of the cost of ongoing work of the 54 remaining sections of Canada-Protector radar line which currently deli the midpoint of most problems from coast to coast.

After 30 years of allowing the United States to pick up the new line's total cost, external affairs department officials tell the agreement as a major step toward regaining sovereignty over airspace in the Canadian North. But already critics charge that, in its haste to produce a public relations flourish at the Quebec summit, the government has rushed into a deal that could ultimately prove extremely costly to the country's long-term military independence.

**Offensive:** Under what one Pentagon official called an "envelope of understanding" awarded to the second provisions called for the future upgrading of a dozen landing strips across the Far North by the end of the decade which could accommodate eight and 10 planes. These airfields would be used to service the North Warning System—and to accommodate squadrons of B-1s and F-15s. The Pentagon has also

once critic Derek Blackburn. "Once we start accepting attacks and interceptor bombers across the North, we are participating politically in an American offensive strategy. I'm very fearful we are allowing ourselves to get taken in."

**Charge:** Indeed, other critics declared that the North Warning System is a Trojan horse that opens the door to the eventual stationing of U.S. antiballistic missiles on Canadian soil. And some of them charge that the accord will ultimately lead Canada to participate in Reagan's Strategic Defense Initiative, the space-based, antimissile program known as "Star Wars." Said Liberal union control critic Lloyd Axworthy, who was briefed on the North Warning System at a closed meeting of the Commons standing committee on external affairs and defense: "We're heading into some new alleyways that carry a potential for a major redefinition of the North. The idea that this is simply a defense radar system is absolutely unrealistic."

The \$2.3-billion update on the DEW Line replaces only the northern tier of a \$2 billion U.S. master plan to ring the continent with a new radar grid. By the end next year, installations will begin on four over-the-horizon, backscatter (OTH-B) radar systems which will each provide a 3,000 km surveillance range along the east, west and northern borders of the United States. Components for that sophisticated system—which can "see" farther along the curve of the horizon than conventional linear radar by bouncing its beams off the ionosphere—are currently being manufactured in a Maine town with the slightly name of Moose. But over-the-horizon radar cannot scan the North because of interference from the northern lights.

In fact, the new Line negotiations have been under way for more than a decade. Ottawa and Washington began their periodic talks on upgrading the system in the early 1970s. But it was only when the military modernization began a reassessment of defense strategy, which placed new emphasis on the threat from Soviet bombers and cruise missiles that the current round of negotiations began in earnest two years ago. Indeed, even the current critics of the plan concede that the DEW Line has

become utterly inadequate, weakened by outdated equipment, degraded and an inability to detect low-flying missiles such as the cruise. Admittedly Blackburn: "There's no doubt the DEW Line has run down immensely if we're talking simply about upgrading the new Line, that's fair to say." In fact, an Ottawa report by the Senate committee on national defense released in January warned that the radar network was so riddled with gaps that "an enemy's hostile bombers could fly undetected into the heart of North America and attack U.S. defense forces without warning." As Maj.-Gen. Lawrence Ashley, told the Commons defense and external affairs committee two weeks ago: "Gentlemen, we really do have a very porous system."

**Warning:** But so was determined as Washington to push ahead that some strategic analysts said they found that the administration might not wait for Canada to take part until Ottawa quickly demonstrated its willingness to participate in a new system. Indeed, the U.S. Air Force had already bought the first 16 of its 12 long-range radar installations from General Electric out of the 2003-4 military budget when the

new accord was drawn up—an action that indicates that the order was in the planning stages at least two years earlier.

That head start could pose serious problems for the \$700 million Canadian share of the contract which government officials hoped to see a major negotiating coup. Despite assurances that Canadian firms will supply the 39 short-range radar units items of which will be stationed in Alaska, the U.S. Air Force already has signed a contract with Raytheon Corp. of New York to produce

two short-range radar prototypes. Said one Canadian official: "When somebody goes ahead and lets out a contract as a part of the project, they will not control, it's a problem. But our position is that it is the Americans' problem." Dedicated a Pentagon official: "That doesn't mean the contract can't be changed. By the time March 15th is over, this will no longer be a standing block."

**Senators:** Ottawa so far has not announced the modernization of the obsolete Pioneer line, an operation which Liberal defense critic Les Hoggins, for one, said will cost "a lot of money and a lot of taxpayers' money."



U.S. AN-66 plane in North Bay, Ont., underbids bids in wider military commitments

Major early warning



for an Ottawa Valley riding, which contained a Phoenix 210 until it was phased out 10 years ago in an area 80 km northwest of Ottawa. "It's not going to be that simple. Some of these communities are going to survive two wars."

But the most serious objection to the agreement—which will go before cabinet for approval within the next two weeks—arises from its implications for deeper Canadian involvement in a American offensive military strategy. Blackburn said that a provision to deploy at least eight of the U.S. contingent of 34 AWACS on Canadian territory is an emergency is not merely a passive, defensive contingency arrangement. "It could have a central command post that can give directions for missile deployment and direct an entire war," he said. "Once we start accepting aircraft, we're bridging the gap between defence and offence."

**Warfare:** As well, Pentagon officials acknowledged to Maclean's that "in a time of contingency and if our two governments agreed," they could not rule out the possibility that NATO's 17 squadrons of American F-16s, F-70s and the new F-15 fighter-interceptors would be based on Canadian soil to supplement Canada's own three squadrons of CF-18 interceptors jets. Indeed, Maclean's has learned that 12 secret "arrangements" exist between Canada and the United States, dating from 1964, to provide Canadian landing facilities for the dispersal and recovery of American interceptors aircraft during a crisis or warfare.

The possibility of Canada's North being used by U.S. warplanes seems likely to raise at least as many concerns as those posed last month by the revelation that U.S. contingency plans call for the deployment of nuclear depth charges in an international emergency. Said Dr. Laurence Hagen, research director for the Canadian Centre for Arms Control and Disarmament, a nonpartisan Ottawa-based education and research organization: "Obviously if there is a crisis situation and the Canadian government is hesitant to allow the forward deployment of U.S. nuclear warheads, the United States would be entirely capable of just moving them up anyway. The American government is not going to wait for the Canadian cabinet to meet and decide something that is crucial to its survival."

**AntiBall:** At the same time, Hagen and other defence critics contend that the North Warning System is the first step toward inducing Canadians to accept antiBallistic missiles, recently threatened by a NATO mission to monitor them on their soil as part of the larger Star Wars defensive strategy. Indeed, they point out that when the 1980s agree-

ment came up for renewal in 1991, the Canadian government quietly—and perhaps inadvertently—dropped a clause that stipulated that Canadian participation in NATO did not obligate the country to take part in active ballistic missile defence. Defence officials did not inform the Commons' defence committee of the deletion. Said Bill Robinson of Operations Directorate, a moderately activist peace organization which is one of the country's largest: "We give

system. Still, Clark argued that "there is nothing Canadian quietly—and perhaps inadvertently—dropped a clause that stipulated that Canadian participation in NATO did not obligate the country to take part in active ballistic missile defence. Defence officials did not inform the Commons' defence committee of the deletion. Said Bill Robinson of Operations Directorate, a moderately activist peace organization which is one of the country's largest: "We give



a very strong message that the decision had been made to open up the option for Canadian participation in ballistic missile defence."

In fact, the Pentagon considers its reduced installations as essential part of the overall space-based Star Wars antimissile strategy. And, when briefing a Commons committee two weeks ago, even acting Defence Minister Joe Clark acknowledged that Canada could "inadvertently" feel most linked to the defence initiative with American nuclear nuclear missiles in the 1960s—some dismantled—after agreeing in 1957 to the present radar coverage

most reviews of external affairs and defence policy are completed before discussing the North Warning system agreement. Said Anisikov: "All that we should know what we're getting into."

But there appears to be a little prospect of Ottawa abandoning a key opportunity to amplify its willingness to shoulder a larger part of the North American defence burden with the United States. The pact in due to be sealed against the historic backdrop of the Plains of Abraham—a reminder of a simpler time when the threat to this nation came in a less complex and menacing form.

By Bill Maclean/Stephen & O'Brien

## Flying north with The Right Stuff

By Jane O'Hara

A 12:30 a.m. local time Tuesday, the countdown began in the racing belly of the U.S. Air Force B-52 bomber as it flew over Bedford, N.S. "Sixty seconds—range is green," announced Lt. Col. Steven McKay, the commander, to tell his five fellow crew members that all systems were go. The strain was tense as they approached the key moment in the flight—the launching of the first U.S. cruise missile to fly on its own over non-U.S. territory. McKay's count-down continued: "Ten seconds...range is green...five, four, three, two, one."

scheduled for the third week in February—although Canadians were given only two days' warning—and practised as though they were preparing for a space adventure. Fitzpatrick and Wulker, the electronic warfare officer on the flight, were added in January partly because they had both logged nearly 4,000 hours of flying time on B-52s in air force units they are an "integrated crew," a deeply knit squad whose members go on leave together and whose wives spend time together. For the men, the mission was both a honor and the highlight of their military careers. After years of training, Tuesday's flight was the closest most of

hour mission, the crew—based on the base as conquering heroes—was in a celebratory mood. Ashton, who comes from New Orleans, surprised his fellow crew members by producing a six-pack of Mardi Gras Beer to mark the opening of the annual festival in his home town. Then they filed out debriefing forms, went to the local bowling alley for a hamburger and returned to complete their debriefing. Next, they talked to the crews of the two air force electronic control and monitoring aircraft that took part in the mission. After that, the men went home to sleep. When Ashton walked into his home, his wife treated him like any husband returning from a



The men of Global Cruise III (from left, Wulker, Fitzpatrick, McKay, Gushko, Anisikov). "It's our own guys."

Missile away." With that, two powerful speaker cartridges thrust the music from his rank beneath the wing. As Maj William Fitzpatrick, the B-52's pilot, recalled later, "There was a thump and then it was gone."

The crew that flew the mission named Global Cruise III was hand-picked from the 8th Bombardment Squadron based at Grand Forks, N.D., where the mission originated. The six men were chosen because they had The Right Stuff—a combination of less devotion to duty and the experience needed.

Four of the crew, captain Michael Wulker, radar navigator Roger Gustafson, aerial gunner William Pangborn and McKay, had been flying together for more than a year. They had known for two months that the test flight was

then had come to a real military exercise over foreign territory. As Ashton put it, "This was our game."

**Testers:** Cruise missile testing has a deadly ultimate purpose, but there is an almost eerie serenity about the crew members' everyday lives. Before the flight, Fitzpatrick, gagged at noon, then tried to sleep for eight hours—a requirement for all B-52 crew members before they fly. For his part, McKay went to a basketball court and "shot baskets to relieve the tension" on the evening before the flight. Gustafson's wife, Jo, made her husband his favorite fried chicken to take on the mission. "She knew it was a big day for me," explained Gustafson, "so she cooked me something I liked."

Back in Grand Forks after the 12th-

day at work. "Here'd it go!" she asked. He went and drank the beer. The men were aware of the importance of the test to the American military, but they were also keenly aware of the controversy that cruise missile testing has created in Canada. At the mission briefing before the flight, the crew was told that Greenpeace organizers might try to disrupt the test with balloons—an effort that ultimately had no effect on the cruise's flight. Said Fitzpatrick of the protesters: "I don't understand them. By doing our job, we're defending the freedom they have to protest." In the air, the crew dismissed political considerations and concentrated on completing a successful mission. In the end it went off without a hitch. Said Gustafson: "It was almost boring. It went so well."

# Refining the arguments against arms

After police arrested 14 peace demonstrators in Halifax last December, then-defense minister Robert Coates declared that the Canadian peace movement was weak, and that, he added, was "right and proper." Coates's information was as poor as his diplomacy. The Canadian peace movement appears to be flourishing, in spite of frequently being declared defunct by its critics. From a few dozen groups in the 1970s, the movement has grown to embrace more than 1,000 organizations claiming at least 300,000 members across the country—and next month representatives will meet in Vancouver to form a national association. "We've won the battle for public opinion, and we've saved light-years in educating the public," says James Stark, president of Operation Dismantle, one of Canada's largest disarmament organizations. "Now we have to get public opinion reflected in government policy, and in that we're not doing as well."

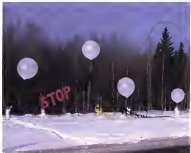
**Lobbying.** The number of demonstrators who turn out at public demonstrations is no longer an accurate measure of the strength of the peace movement. Instead, its strategies are increasingly channeled into political lobbying and public information efforts. Relatively small groups of Canadians turned out to protest last week's cruise missile test over the North Sea. "The test was a waste of money," says Valerie Klassen of the Wintario Co-ordinating Committee for Disarmament, notes. "There is actually a lot of opposition to the test. It's upsetting when the press portrays us as a small group."

So far, it is increasingly evident that to a large extent the peace movement is preaching to the converted. Last August a Gallup poll showed that 65 per cent of Canadians approved a veritable "nuclear weapons freeze." In the past three years 150 Canadian organizations have held information on nuclear disarmament, and it is more than 75 per cent of that result now overwhelmingly in favor. As well, more than 90 towns and cities have taken the symbolic step of declaring themselves nuclear weapons-free zones.

Even conservative observers acknowledge that they are aware of the trend. "I think it is very positive that there is increased interest in the peace movement," says Col Brian MacDonald, executive director of the Canadian Institute of Strategic Studies. "Anything that raises the salience of security is viable, but we wish they would get more concerned with bearing all the costs."

The peace movement, he notes, currently is made up of groups and individuals ranging from the extremely respectable to radicals whose single-minded fervor prevents rational discussion with those who hold opposing views. In fact, the Canadian peace movement is a collection of disparate groups sharing the same fundamental goal of promoting disarmament—but not necessarily the same view of how to achieve it. The peace movement includes groups that are little more than fronts for the Soviet Communist parties, as well as activist organizations favoring civil disobedience. But many peace organiza-

tions and the Soviet Union for 35. In 1983 the Liberal government of former prime minister Pierre Trudeau approved cruise missile tests in spite of the fact that 52 per cent of Canadians polled on the subject registered disapproval of the test program. "I don't think there is any plan of major legislation that we can say we've had a major influence on," says Murray Thomson, a board member of Project Ploughshares. He notes that a possible exception might be Ottawa's creation last June of the Canadian Institute for International Peace and Security (CIIPS), which studies peace as well as defense issues. Thomson also contends



Greenpeace protest on the cruise route, seeking influence, missing the target.

tions—such as the Ottawa-based Project Ploughshares, which is funded and associated with most of Canada's Protestant and Roman Catholic churches—have their roots solidly in the mainstream of society. Operation Dismantle, whose membership has risen to 7,500 from 4,500 over the past year and a half, operates on a budget of \$200,000 a year—funds contributed mainly by individuals and used to pay for staff travel and other functions.

**Meagliness.** Despite its growing respectability, the movement's influence over public policy is still negligible. Last year at the United Nations Conference in favor of July 11 of 45 arms control resolutions, although Mexico voted for

the peace movement has had "a considerable influence" on the arms control and disarmament drives of Ottawa's external affairs department, which now has a fixed work \$700,000 for disarmament research.

Few members of the peace movement expect to achieve their goals in the near future. "We're talking about changing people's fundamental attitudes toward war," says Stark. "It takes three centuries to disarm, we've done so." In the meantime, he notes, there are small triumphs. "I haven't been called a commie for over a year. It's wonderful."

—MICHAEL CURRIE and OLGA, with Terry Norstrom and Philip MacKenzie in Ottawa and Gerry Mee in Winnipeg



Arden and Nancy Ash at their Owen Sound, Ont., farm: a crisis that could threaten the survival of the family farm.

## The squeeze on indebted farmers

By Garry Mair

Just over five years ago, when inflation was driving up food prices and Canadian agriculture was prospering, Brian Ash borrowed \$62,500 from the Federal Farm Credit Corp. (FFCC) and another \$50,000 from a bank to help buy and operate a 160-acre hog and dairy farm near Owen Sound, Ont. But by the time Ash's first hog was ready for market, seven months later, pork prices had dropped by more than 15 cents a pound to less than 50 cents—well below the break-even point for Ash's farm. During the following two years things went from bad to worse. With interest rates soaring, pushing up Ash's debt costs, pork and dairy prices sagged. And as the agriculture sector declined along with the rest of the Canadian economy in the early 1980s, the value of agricultural land slumped. The combined effect of these blows devastated Ash's hopes. "There was no cash flow," recalled Ash last week, "and as land prices dropped, our equity dropped and the bank got really nervous and quickly pulled the plug on our operating loan."

Across Canada hundreds of farmers have sought to tackle the crisis with a patchwork of programs. But one who has failed miserably in economic forays to determine what farmers will survive or fail. As a result, inefficient, unprofitable in the United States—are trapped in a vicious squeeze courted by high interest rates, declining land values and low prices for their crops. It may restrain the consolidation that would farmers so hard that in the end they have succumbed to bankruptcy and foreclosure. Some pessimists believe the crisis reflects fundamental changes in Canadian farming away from family farming toward corporate agriculture and possibly to an increasing incidence of tenant farming.

In Ash's case, he and his wife, Nancy, hung on for two years after the bank pulled in their loan. Ash then declared personal bankruptcy late in 1984. When the FFCC took steps to save their farm, Ash fought, and lost, his case before the Supreme Court of Ontario. Finally, last month landlords and police officers arrived at the Ash farm, and when Nancy Ash tried to harvest her crop in his barn, police forced their way in and dragged her to a crusher. By the time her husband arrived on the scene, the house had been formally seized and locked by the bank.

While more and more farmers struggle to avoid Ash's fate, the province has sought to tackle the crisis with a patchwork of programs. But one who has failed miserably in economic forays to determine what farmers will survive or fail. As a result, inefficient, unprofitable and financially overextended farmers will likely continue to go under. In the view of Wayne Slater, president of the 3,800-member National Farmers' Union (NFU), the situation is so grave that "if things don't improve, the family farm operators will be on the scrap heap of history."

Federal statistics tell the story of farm failures in numbers, though not in human desperation and despair. During the past three years a total of 1,049 Canadian farms—out of 228,000—have gone bankrupt, as compared to 125 farms in 1979. Virtually no part of the country has escaped. While 131 Quebec and Maritime farmers were forced out of business in 1984, another 154 went broke in Ontario, and 223 declared bankruptcy in the four western provinces—for an unprecedented total of 555. According to an NFU survey released in late 1984, as many as 55,000 of Canada's farmers are experiencing serious financial difficulties, and about 1,700 of these could go under if market prices do not readily improve in 1985.

Glen Flaten, past president of the Canadian Federation of Agriculture (CFA), the nation's largest agricultural lobby group, representing 200,000 farmers, notes that many of the farmers "under severe financial stress are our most productive and innovative farmers." That is borne out by the NFU survey,

which showed that while one-third of Canada's farmers carry some 60 per cent of the \$30.7-billion farm debt, these same farmers produce almost half the nation's crops.

One result of the atrocious rise in farming is that, as smaller farmers go broke or sell out, the average agricultural holding is getting larger—and the share of farm output controlled by corporations "agribusiness" is increasing. Over a 10-year period ending in June, 1982, the size of the average Canadian farm increased by 14 per cent to 226 from 463 acres. At the same time, while the number of farming operations owned by corporations grew marginally, their share of farm sales increased to 5.5 per cent of \$13.9 billion in 1982 from 2.4 per cent of \$4.1 billion in 1971.

The roots of today's farm crisis reach back to the early 1930s, when food prices were strong and farmland values climbed rapidly as Canadians and foreign investors bought up prime farmland as a hedge against inflation. At the same time, many farmers borrowed heavily to expand their holdings. But the bubble burst in the early 1980s when soaring inflation simultaneously peaked up production costs and interest rates as the farm economy declined steeply, as old agricultural land values. As a result of these changes in the economic equation, farmers who raised



Wise: Unified relief for farmers

money in the past on the strength of their valuable properties and buyout agricultural prices now must pay back high-interest loans at a time when commodity prices are low. And farmers who seek additional loans are having difficulties because their properties are in many cases worth far less than they were under a decade ago. Just Jim Collins, a grain farmer in British Columbia's Peace River district who works part-time as an agricultural consultant to keep his farm solvent. "Many farmers wish they could get out. But they're stuck because nobody wants to buy farmland."

Clay Gilman, a University of Manitoba agricultural economist, told Moskow's that the current economic crisis will not necessarily speed up the nonfamily corporate consolidation of land ownership. "Farmers are starting to find part of their way around the problem by renting land," he said. "In the future land capital may have to come from somewhere else than the farmer—that is, from landlords."

For many farmers the worst may be yet to come. With inflation under control and farm output plentiful, Agriculture Canada foresees an increase in net farm incomes this year. Moreover, Canadian agricultural experts fear that similar financial hardship in the huge U.S. agricultural sector could lead to

price-cutting in overseas markets, and result in even lower prices for Canadian grain and other agricultural products overseas. Nearly half Canada's farm income comes from overseas markets.

The crisis in Canada's farms poses a formidable challenge to federal Agriculture Minister Jaka Wise and his colleagues in Prime Minister Brian Mulroney's cabinet. But even though Wise, a dairy farmer from southwestern Ontario, regards farm income and credit as the government's "number 1 problem and our number 1 concern," he insists that Canadians would not sanction spending the estimated \$2 billion needed to save the nation's most troubled farmers from bankruptcy.

In the meantime, Ottawa has extended various forms of limited relief to farmers. Partly in fulfillment of an election promise, the Mulroney government last year introduced a rebate on farm fuel, a move that is expected to save farmers \$100 million this year. As well, a \$125-million payout was authorized last November under the western grain stabilization program, with a promise of more to come before spring seeding. But government efforts to ease the credit crunch have been limited to the operations of FNC, the Crown corporation that serves as a major creditor to about 80,000 farmers at an interest rate last year of 14 per cent on five-year

loans, compared to bank rates for short-term loans ranging from 10 per cent to 15 per cent. On Nov. 5, Wise ordered a freeze on FNC foreclosures to Jan. 15 of this year, and since then the agency has reduced its interest rate to 12½ per cent, an adjustment that will cost the federal government \$60 million over the next five years. But Wise has ruled out any large-scale assistance program. "Even if we didn't have a deficit," says Wise, "there just isn't enough money to dump into an area of this kind to save all the farmers."

That approach does not please many farmers, nor some of Wise's provincial counterparts. "A national program is essential," says Manitoba Agriculture Minister Bill Crooks. "If not, we're heading for disaster." Many farmers contend that the government must either relieve farm debts—or permit agricultural marketing boards to significantly increase the prices that Canadians pay for food. Agricultural experts point out that Canadians spend only about 25 per cent of their disposable income on food. That is a little more than the comparable 19 per cent in the United States, but it is far less than the situation in the countries of western Europe, where food purchases account for more than a quarter of all disposable income.

In the meantime, the provinces are

doing what they can to help. The most dramatic action has come in Saskatchewan, where Premier Grant Devine's Tory administration—in the face of protests from the chartered banks—passed a law in December that imposed a 10-month freeze on all farmland foreclosures. Manitoba is considering a debt adjustment program of its own, and Quebec's ministry of agriculture is registering a farm summit meeting in the spring.

But short-term financial aid is unlikely to achieve anything more than a temporary respite for Canada's troubled farmers. Faced with the prospect of continuing high interest rates and low food prices in the coming year, Canada's farmers can only hope for good growing conditions next summer and beautiful harvests this fall that will allow them to hang on for another year. But Ottawa's apparent refusal to consider any sweeping measures to aid beleaguered farmers is seen by some as a sign of an ingratiating nation's indifference to the plight of its food producers. Farmers, notes an embittered Brian Ash, "are only four per cent of the population. It's the other 96 per cent that votes in the government."

With Bruce Wilfong in Montreal, John MacIntyre and Alan Chao in Ottawa, John Meyer in Regina, Suzanne Stinson in Calgary and Diane Lindsay in Vancouver

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## Lévesque is for staying



Lévesque hanging in

After months of speculation about his future, Quebec Premier René Lévesque made it clear last week that he intends to lead the Parti Québécois into the next provincial election—which, he indicated, will probably be held next October. Lévesque, who has faced questions concerning his health and sometimes erratic performance in recent months, told a PQ caucus meeting that he has both the will and the health to

stay on as leader. The premier, who has lost the services of seven cabinet ministers since he announced his decision in November to drop the sovereignty issue in the next election, said that he will meet Prime Minister Brian Mulroney next week to map out a program for further constitutional talks—probably including a request for special protection for the French language in a list of constitutional proposals.

## A strange bounty hunt

Developer Donald Walters was keeping an appointment with three potential clients who claimed to be interested in a beachfront property 15 km northwest of Walters' home in Victoria. Once there, Walters said the men forced him into a waiting airplane, though he had time to cry out to a man chopping wood on the beach who alerted the RCMP. At the plane headed south, two of the men fled in a truck bearing Texas license plates. Later that day the police arrested two men from Washington state in a similar truck near Victoria. In the meantime, Walters was in a Seattle jail, facing charges related to his arrest last November when he was charged with the U.S. Bank Shooting After being trying to enter the country carrying more than \$90,000 in cash. At that time, Walters skipped bail and a reward was posted for his return. Last week, after spending three nights in prison, Walters, 36, was released after a heated exchange between Ottawa and Washington. After Walters was escorted back to Canada, a U.S. Grand Jury reinstated the original charges against him. At the same time, the two men arrested on kidnaping charges were released on \$5,000 bail each. In a similar incident, beauty busters in 1981 abducted Toronto real estate dealer Sidney Jaffe and took him to Florida to face charges of real estate fraud. When Ottawa launched a sustained and vigorous pursuit, Jaffe was released after spending nine years in a Florida prison and returned to Canada. The men charged with his abduction were extradited in 1988. But their lawyers will argue in a Toronto court May 7 that there is insufficient evidence to convict the pair to trial.

## A St. John's tradition

When Garfield Warren, the Liberal member for the sprawling Newfoundland riding of Torquet Mountains (1,154 sq. miles) in 1982, crossed the floor of the provincial House of Assembly to join Premier Brian Peckford's Conservatives last month, Liberal leader Leo Poirer blushed it on the attractions of the pork barrel. And when another Grit—party House Leader James Hodge—went over to the Conservatives last week and cited the federal-provincial officers all past signed by Peckford last month as the reason,

Barry charged that the recently divorced Hodge was being "used"—because of the way he has neglected his responsibilities as MP as a result of financial and personal problems. The Liberal defiance brought Barry strength in the assembly, to 44 and left the Liberals with only six members, the smallest number that the party has held in the 52-seat assembly since Confederation in 1948. But switching parties is a Newfoundland tradition. In 1965 Barry quit the Conservatives on the grounds that Peckford had bungled Newfoundland's offshore land issue and went on to win the Liberal leadership. With his two new members Peckford admitted last week to being "itchy" for an election—which has been rumored for May. But, added Peckford, "I haven't started scratching yet." For Peckford, who was opposed by Barry for the Tory leadership in 1979, defeat of the beleaguered Liberals would be exquisite revenge.

## Surprise in Spirit River

After Alberta New Democratic Party Leader Grant Nolley died in a plane crash last October, political observers declared that the party he struggled so hard to put on the province's political map had snatched a future. Nolley's death left Roy Martin as the only NDP member sitting in the 70-seat assembly dominated by Premier Peter Lougheed's 70-Conservative, and that jeopardized the party's official opposition status. Moreover, the regular Nolley had won his own northern riding of Spirit River-Flin Flou by only a 188-vote margin in a three-way contest in the 1982 provincial election. But in a by-election last week that brought out 70 per cent of the voters, Nolley's former constituents rallied around NDP candidate Jan Gurnett and elected him by a healthy margin of more than 600 votes from a record slate of seven candidates. Gurnett, a 35-year-old school principal, said that, while others thought his victory was a bit surprising, it indicated the NDP's growing strength. "It's attracting interest where people would never have admitted to being voters before," declared Gurnett. Provincial Speaker Gerald Amerneggen now has to vote on whether the NDP will continue as official opposition party, an honor that is also being claimed by the newly formed Representative party, made up of two legislative members who formerly sat as independents.

## Assessing a colleague



MacKay: 'coward'

On Oct. 7, just 10 days before the RCMP charged New Brunswick Premier Richard Hatfield with marijuana possession, Hatfield, with federal Solicitor General Elmer MacKay. After MacKay disclosed three weeks ago that the meeting had taken place, apparent critics added for his resignation. Last week one of MacKay's own cabinet colleagues, Justice Minister John Grollin, said on an Edmonton television show that he would have acted in the same manner as the opposition had MacKay been a Liberal and he headed the case in the name of justice. New Brunswick Attorney General Francis Dobb, commenting on his premier's allegations that RCMP officers leaked information about the drug investigation, said that he had no intention of acting on Hatfield's charges "until such time as he gives me actual facts that someone is after him."

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# Defending a shantytown



Crossroads rioters firing petrol (above) and hurling rocks (below) another setback

By Allister Sparks

I was one of thousands threatening racial confrontations in a country that has grown accustomed to black-white bitterness. On Feb. 18, South Africa's new minister in charge of black affairs, Gerrit Viljoen, indicated that he planned to appoint a committee of 65,000 black "squatters" in a shantytown called Crossroads, 18 km southeast of Cape Town. Riots spread rapidly that a transfer to Khayelitsha, a government-built township 24 km further east, was imminent. Then, last week the people of Crossroads decided to fight the move. In swift succession the entire community staged away from work, quickly set up barricades blocking all roads into the area and set fire to a milk truck, which was mistaken for a moving van. Riot police moved in quickly and for two days a pitched battle raged through Crossroads' alleyways.

The police fired at protesters with hand shot, rubber bullets and tear gas launchers. In return, youths armed with gasoline bombs and stones and other makeshift objects of outrage took advantage of the authorities. In the end, 18 Crossroads residents died and 581 were injured, 50 of them seriously. There were no reports of any policemen killed or injured.

The clash was another setback for President Pieter W. Botha, who has been trying to improve the nation's

splattered image for more than two years. Initially, he was a mild reformer, drawn out by white voters, who endorsed his plans for a new constitution in November, 1982. But since then his reform efforts have had little impact. For one thing, divisions among the mixed-race and Indian minorities, to whom the new constitution offered equal roles in parliament, were heavily broadened last August. For another, af-

Mandela's outlawed African National Congress (ANC) and discuss the country's future with the organization. Both also took steps to repeal laws that prohibited sex and marriage across the color line and to desegregate the central business districts of major cities. For the first time in a decade South Africa began to attract favorable international attention.

Then, last week Botha's reformist im-



ner the vote large-scale unrest broke out in the majority black African community, which the constitution continued to exclude. Nearly 100 people died in rioting in the past year.

Four weeks ago Botha—elevated from prime minister to executive president—opened parliament in Cape Town. In a series of statements to the government announced a moratorium on forced population removals under the race laws, offered to release the imprisoned leader of the black underground, Nelson Mandela, if he would renounce the use of guerrilla violence, and hinted that it might be prepared to recognize

apartheid again. In a sudden move the security police seized the headquarters of the United Democratic Front, a fast-growing black political organization. Sixteen UDF leaders were detained, and seven appeared in court later, charged with high treason. A trial will begin on March 20.

Many South Africans contend that the trial will be used to provide a justification for outlawing the UDF. In the meantime, it is effectively disabled by having most of its top leadership imprisoned during a trial that could last for years. For his part, president J. A. Oberholzer announced that he would apply for a special government order under the security laws preventing the court from granting bail.

The trial has revived a controversy over a similar treason trial in the mid-1960s. In that case the government charged 156 people, including Mandela, with treason, and the case lasted four years before the charges were dropped for lack of evidence. In March, 1983, the case was banned. Declared Archbishop Denis Hurley, president of the Southern African Catholic Bishops' Conference, "It is a repetition of the tactics used before, then the South African government will have proved itself guilty of using the process of justice to perpetrate injustice."

Some analysts contend that Botha's recent problems are a result of confusion as a traditionally apocryphal figure tries to adjust to reforms. Other longtime observers say the real reason, in any event, to have reflected the basic incoherence of the government's reformist claims. "I don't think they really know where they're at," said Helen Samra, a veteran opposition parliamentarian. "They aren't working out what to say, proper place, and when things go wrong their instinctive reaction is that they must not appear to be weak." The government itself explains that there is always a risk of instability during a period of reform, and as a result it must act firmly to maintain law and order.

A more likely explanation may be that the government is trying to follow an ambiguous course. Its reforms—which essentially reform white apartheid law without abolishing it—provide a strong reaction from right-wing white Afrikaners but still do not satisfy the nation's 30 million blacks. And the government claims that rejection of the proposals is part of an attempt by radicals to subvert its reformist efforts, for their own purposes. As a result, the authorities tend to call in the police to settle even minor infractions. Then, when the police act, they provide an angry response from the blacks, adding another twist to a cycle of violence and violence that shows no sign of ending.



Wlasiuk with Microwt authors that avoid a 15-minute nationwide strike

POLAND

## A test of powerful wills

When members of Poland's banned Solidarity movement staged a 15-minute nationwide work stoppage last week, plans for the strike, which was called to protest a proposed 20-per-cent rise in food prices, have already sparked an icy standoff between Poland's discredited union and the government of Gen. Wojciech Jaruzelski. During the meeting, security police pulled the crowded hall and arrested Solidarity leader Lech Walesa and his followers. But the Nobel laureate remains openly contemptuous of the Warsaw regime. Speaking to a crowd following his arrest and release Feb. 23, Walesa declared, "We are starting a counteroffensive, so let's get ready for it at once."

Whether Poland would heed the strike call in members Solidarity expected remained uncertain. But there seemed to be little doubt that the government was not. The strike would represent a climax in the growing test of wills between dissidents and the government that began shortly after the coronation a week earlier of four security policemen for the kidnapping and murder of rebel priest Jerzy Popieluszko. Walesa has been charged with inciting public unrest and organizing illegal protests, which carries a possible three-year sentence. During the past on the apartment, seven other activists, including prominent union leader Adam Michalski, were similarly charged. However, after his

release Walesa showed no signs of backing down, stating, "The authorities do not have the courage to imprison me."

And Solidarity is not the government's only enemy. Last week Religious Affairs Minister Adam Lepotki and that the state in reviewing its government's actions—the kind that gained Popieluszko a wide following among Poles but also the fatal hatred of the security police—and would not hesitate to arrest and try radical priests. Polish bishops implicated with a statement following a two-day session presided over by the openly moderate Jacek Cardinal Cielieba. The bishops, in the church's strongest pronouncement since Popieluszko's murder last October, charged that the government's propaganda against the church and the activities of the religious affairs ministry are "morally deplorable."

The Jaruzelski regime's stand is being interpreted by Western diplomats as a signal to Moscow that, despite the recent conviction of the secret policeman, it can control its restive population. The test, which offered the world a new glimpse of the Communist government's inner workings, suggested that certain hard-liners inside the party believe that the ally general is too soft on challenges to the party's supremacy. As a result, analysts say, he has no choice but to crack down harshly on all forms of protest. But given the new mood of defiance in both sides, that course could prove to be untenable.

—STEF MATHIASSEN in Warsaw

## Repairing a broken bond

The invasion of Grenada by a 1,000-strong U.S. military force on Oct. 25, 1983, wrought more far-reaching changes in the Western Hemisphere than simply stamping out a leftist power play in the south Caribbean island. The U.S. intervention, conducted with the co-operation of six neighboring island states, marked a turning point for the former British West Indies and signalled a shift in hemispheric affairs, including the disruption of a long-standing "special relationship" between Canada, which was not consulted, and its Commonwealth partner in the Caribbean. The Grenada episode extended the role of the United States as regional political policeman to encompass former British colonies, which once had turned to Britain in times of trouble and of aid to Canada in time of need.

This week, 30 months after the Grenada invasion, leaders of the Caribbean Commonwealth countries and Canada were convening in Kingston, Jamaica, for the latest in an intermittent series of meetings initiated in 1980 by Canada. But the Grenada president was not on the agenda of the two-day Kingston assembly. Canadian officials said before the meeting that Prime Minister Brian Mulroney, for one, did not wish to reopen a debate that had strained the Canada-Caribbean connection.

At the time of the invasion, some of Grenada's neighbors, including Jamaica and Barbados, welcomed U.S. involvement—indeed, invited it. Others, including Canada, Belize and the Bahamas, questioned its legitimacy and the implicit establishment of U.S. primacy. At an emergency meeting of the Organisation of American States in Washington the day after the invasion, Jan. Jacobs, the Grenada delegate, said, "Ask yourselves who is next that the United States does not like?" Former prime minister Prime Trudeau noted regret that participants in the Grenada intervention had failed to inform Cana-

da, let alone consult Ottawa, in advance. Trudeau questioned the future of Canada's Caribbean connection at a Commonwealth meeting in New Delhi a month after the invasion.

But now, said an Ottawa spokesman, the Mulroney government wants "to move forward and not open old wounds by looking back." Mulroney, on his second foreign trip as Prime Minister, carried the message that Canada's special interest in the former British colonies of the Caribbean will continue while providing the area with more government aid than any other region of comparable population—\$4.6 billion last year and a projected \$4.8 billion this year from the Canadian International Development Agency alone—Canada's are key Caribbean investors and employers in tourism, mining and banking.

For the meeting's host, Boston-born Prime Minister Edward Singh, 54, the summit was an opportunity to seek more help in repairing Jamaica's troubled economy to effect an austerity program that provoked riots in January. Singh underlined the seriousness of the meeting by convening it in his austerity-stricken capital instead of at a sunny Jamaica resort coast, but before getting to economic questions, the agenda for the

closed sessions ranged over global—and regional—political questions. Mulroney's determination to skirt the southeast regional issue—the divisive legacy of Grenada in U.S.-Canada-Caribbean relations—was based partly on his belief that he has already begun to repair one side of the triangle by restoring relations with Washington. On the other side, assuaging the pain in Kingston should help restore relations with the West Indies. "The phone didn't ring when Grenada was invaded," said a Mulroney spokesman. "If there is ever another similar occurrence, we expect to see several calls—from the United States and others."

—TERRY HARRINGTON in Ottawa.



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## EL SALVADOR

# The 'pirate plane' affair

U.S. customs agents had been tracking the movements of the executive jet for a month when it touched down at a tiny airfield near Corpus Christi, Tex., on Feb. 6. Then, supported by drug enforcement officers, the agents swarmed aboard and found \$6 million, most of it in \$100 bills, stuffed inside velvet cushions. The man who identified himself as the owner of the money claimed that he was Costa Rican. But on Feb. 15 U.S. authorities revealed that his true identity was Francisco Galea, the 54-year-old son of a wealthy family from El Salvador and a key supporter of the country's extreme right-wing politician Roberto d'Aubusson. Officials have charged Galea with currency smuggling. And state department officials in Washington said that they were "99-per-cent certain" that the money found in the Salavador had been used to finance a drug deal.

d'Aubusson, widely detested himself from Galea, who was being held in Texas. But his chief political rival, moderate Salvadoran President José Napoleón Duarte, was equally swift to exploit the incident. He turned it into a major issue in the run-up to the March 31 parliamentary elections by trying to taint d'Aubusson with the scandal. Duarte's U.S.-supported administration revealed that Galea had been travelling on an official passport which described him as a representative of the attorney general, José Francisco Guzmán, a founding member of d'Aubusson's extreme-right National Republican Alliance (ARENA). The Duarte government also disclosed that Galea's passport application contained a document appointing him as a personal adviser to d'Aubusson. Stepping up their propaganda offensive, the Christian Democrats took out full-page advertisements in Salvadoran newspapers to publicize the "pirate plane" affair.

The arrest has prompted Salvadoran rightists to suspect that the United States is trying to sway the results of the vote by discrediting their most visible leader. Washington officials have declined to comment on the allegations, but observers said that lawmakers in Washington would witness a scandal involving d'Aubusson. The former military intelligence officer, who opposes social reform and has been linked to right-wing death squads, has long stood in the way of U.S. attempts to promote a moderate alternative party in political-pollinated El Salvador. With d'Au-

busson in a position of prominence, the United States has found it difficult to justify its support for the country's government in its war with leftist insurgents. d'Aubusson was narrowly defeated by Duarte in a presidential election last May. But Washington would prefer to see him disappear from the political scene altogether.

For Duarte, struggling to hold together a country torn by five years of civil war, the scandal involving his chief conservative opponent took place at an ideal time. The conservative parties arranged around d'Aubusson had been expected to maintain their majority in the 40-member legislative assembly. Observers said that it was too soon to tell whether the affair of the \$6-million man would benefit Duarte. But they conceded that at least he had some powerful new ammunition to use against his enemy on the right.

—PAUL BLAIR in San Salvador.



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Commandos of the New People's Army: a bloody grab for power, reinforced by poverty, repression and fear

#### THE PHILIPPINES

## Deadly storm warnings in the Pacific

**T**he attack was swift, brutal and followed an increasingly familiar pattern. As a small group of students completed examinations at the Mindanao Medical Foundation College in the Philippines' Davao City in January, three armed men burst into their classrooms. They singled out one student, Norman Canga, pointed a .45-calibre automatic pistol at his head, then fired three times. Canga fell dead before his horrified classmates. None of them knew far more why Canga had been selected as the target. Said one shaken classmate: "I didn't attend classes for three weeks. I was so afraid. You don't know what will happen next."

Canga was only one of hundreds of people killed by death squads in the Philippines in recent months. His associates were presumed to be members of the Communist New People's Army (NPA). Such grisly encounters are a daily occurrence and are not limited to the war-torn southern island of Mindanao, where Davao is situated. Rather, the guerrilla attacks and other brutal countermeasures by poorly disciplined and badly equipped government troops have created an atmosphere of terror and uncertainty about the nation's fu-

ture throughout the Philippines archipelago.

Only a few years ago the NPA was considered little more than a rural nuisance. The movement was founded in 1969 by a handful of Filipino intellectuals on Luzon, the main northern island where Manila is located. Hiding in the rugged mountain regions north of the national capital, they vowed to wage a class struggle against the government.

Only a few years ago the NPA was considered little more than a rural nuisance. The movement was founded in 1969 by a handful of Filipino intellectuals on Luzon, the main northern island where Manila is located. Hiding in the rugged mountain regions north of the national capital, they vowed to wage a class struggle against the government. President Ferdinand Marcos. Since then, crippling poverty, deteriorating economic conditions and often brutal repression by the Marcos regime have helped to swell the NPA's ranks to an estimated 12,000—active in all 78 of the nation's provinces and in control of some 7,000 villages. Last month Defense Minister Juan Ponce Enrile said that of 60 anti-Marcos factions working for the president's overthrow, the NPA constituted the greatest danger. Agreed

one US military analyst: "It has grown at a concerning rate. Their leadership—a group of several hundred hard-bitten Marxist-Leninists—is very disciplined and quite able."

Indeed, the NPA's military and political successes have caused alarm far beyond the Philippines. Manila's democratic allies in ASEAN—the Association of South East Asian Nations—fear the contagion of Communist insurgency

may spread to their countries. And the Reagan administration in Washington, which maintains two critical military bases on Luzon—a naval facility at Subic Bay and an air force installation at Clark Field—has sent a steady stream of high-level Pentagon and state department officials to Manila to ensure the guerrilla movement and to press Marcos quietly to undertake political reforms. But while there have been small improvements, most ana-

Marcos: challenged



AP/WIDEWORLD

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lysts conclude that it is too soon to determine whether or not the changes can halt the slide into anarchy. The Marcos government remains tainted with the murder of opposition politician Benigno Aquino in 1983 and blamed for economic mismanagement and political corruption.

But more than any other factor it is the nation's armed forces, 100,000 strong, that have driven invading hordes of moderate Filipinos to support the guerrillas. Responding to leftist violence, the military has launched crackdowns that often victimize innocent civilians. Said a Mindanao priest, one among many who will dispute the statistics only on condition that their names not be used publicly: "All trust between the people and the authorities has disappeared." Indeed, the acting military chief of staff, Lt.-Gen. Fidel Ramos, has acknowledged that corruption and brutality have cost him the trust of Filipinos. At the same time, the forces have proven unable to mount an effective counteroffensive. According to Manila's records, 768 troops and government officials were killed by rebels in the Davao area last year—more than three times the 1983 figure.

As it consolidates control over local government districts, known as *barangays*, the army evokes its own councils which are virtually autonomous from Manila, its own political fronts and its own teams of assassins—called the *Suapares*—to silence opponents. Its preliminary goal is to break down local government. Ultimately, its sword aim is to bring the Marcos government to a complete stalemate by guaranteeing guerrilla conflict. Already, the strategy has been remarkably effective. In Davao the army has re-estimated neighborhoods into rebel cells, where the guerrillas rule unopposed and unopposed. Bandits have set up headquarters to keep police and troops out and they work under a self-imposed curfew. And there are signs that government control over the whole city is slipping dramatically. Policemen, visible symbols of state authority, have virtually disappeared from the streets. The city council, with many of its members in hiding, often fails to raise a quorum for meetings.

To supporters of the Marcos government, the smouldering discontent inside Davao serves as a warning. Close a button and prosperous regional control, the city now faces economic stagnation as a result of the insurrection. Just 10 minutes from the central district stands the hotel area of Agaña, where as many as 50 families share a single tile-and-plaster hotel. Before the guerrillas began to organize, government outposts were rampant. Local residents lived in terror of random killings by gunmen of the police, security forces

and major business organizations. Reports of torture and beatings were commonplace. *Barangay* captain Wilfredo Limby Agaña—no relation to Benigno Agaña—cannot even enter his political domain without risking his life. Agaña, commander of the regional government paramilitary force known as the Civilian Home Defense Force (CHDF), has survived three attempts on his life.

In fact, no government official now dares venture into Agaña. Since Janu-



ary 1984, 25 members of the CHDF brigade have been killed. The rest have resigned. "Nobody wants to do it anymore," the 37-year-old Agaña explained recently, sitting in his furnished Pines Roman Massage Parlor and casually sipping a Thompson sub. "It's too dangerous. Agaña leaves his bunker-like compound only at night. For that part, Davao's residents have greeted the CHDF's impotence with sympathy. If not sympathy, at least one has: tax driver." The 37s are sometimes

Not an army without credibility

good for the people. The assassins are being killed." Still, many Davao residents lament the present state of affairs. "Davao used to be such a peaceful place," one man says. "It was very quiet. But now you're just wondering and talking when—bang—someone is shot. We're in a bad way now."

The military has made some moves toward generating more trust among disaffected Filipinos. One popular move was the suspension of chief of staff Fabian Ver, who stands accused of complicity in the murder of Benigno Agaña in 1983. His replacement, Ramos, enjoys a reputation for integrity. But analysts note that Marcos, as the constitutional commander in chief, can veto any effort by Ramos to discipline troops or recognize regional units. In addition, morale remains low among rank-and-file soldiers, who are poorly paid and badly equipped. Many troops patrol the countryside to reduce disorder because of a shortage of uniforms.

Defense Minister Benito recently admitted that many officers are too preoccupied with gambling, prostitution and illegal cockfights to pursue the guerrillas. "Complicated battle," these guys are giving us trouble." And, despite calls by Ramos and others for a "basic and moral" approach to the insurgency, the policy has not been implemented nationwide. Davao's regional commander, for one, Brig-Gen. Jaime Echiverria, has continued employed a more unpopular method known as *sumang*—installing neighborhoods and conducting house-to-house searches for subversives. "I would be happy if I did not have to resort to sumang," Echiverria says. But war is like that. You cannot make it sweet for everybody."

Others have warned that the Philippines—first at war, as Echiverria says, and now in a state of civil war—will not be a U.S. satellite that might stand last full clerical authority. If Marcos and his group cling to the rule of government by force of arms, there will be a steady erosion of the rule of law and democracy. The study concluded that while the 1984 "not appear ready to mount a sustained nationwide offensive," an increasing numbers present a real threat to stability.

Underground sources predict that within months an insurrectionary revolt will be operating in the capital. By 1986 the army intends to stage nationwide general strikes and gain political control in mere months. And by 1990 it aims to produce a military standoff with the United States. "It's too dangerous," he says, "but we will use Marcos to regain power to moderate opposition forces. The alternative, Western observers and Filipino military spokesmen agree, may be full-throttle civil war."

—LEE NEUMANN in Manila

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# The dollar's falling fortunes

By Ross Loner

For economists it was a phenomenon that defied all conventional wisdom: For Canadian manufacturers and retailers it was a mixed blessing that fuelled demand for exports while making imported goods more expensive. And for consumers it was a dangerous development that pushed interest rates higher and threatened to set off a new round of inflation. Bruised and weakened, the falling Canadian dollar last week provoked major concerns about the health of Canada's economy and its prospects for continued growth.

International money markets rarely experienced such a frenzied week of selling as speculators raced to buy strong American dollars. In just four days the Canadian dollar plunged 2.6 cents to close at a record low of 72 cents against the supercharged U.S. greenback on Friday. As traders lurked orders to keep ahead of the slide, some experts predicted that the dollar would sink to the unelectable 70-cent level. Said Harry Winston, head corporate trader for New York-based Bankers Trust Co.: "It is a crazy market. The extent of movement in the Canadian dollar in the past three days has been equivalent to what we normally see in six months. Who knows what will happen next week?"

**Outflow:** With pressures mounting, Finance Minister Michael Wilson attempted to reassure international investors. With his support the Bank of Canada raised its benchmark lending rate to 10.56 percent from 10.35 percent, a move that resulted in higher savings and lower costs for consumers. When that action failed to stop the outflow of capital to the United States the central bank intervened in short-term money markets by selling treasury bills with high interest yields, making the dollar more attractive but reinforcing the upward trend in borrowing costs.

In addition, Ottawa borrowed a total of \$1.4 billion (U.S.)—an amount roughly equal to half the nation's entire reserves of U.S. currency at the end of January—from a consortium of private Canadian and international banks to buy Canadian dollars and shore up the currency's value. Still, most market watchers doubted that the central bank's efforts would do more than halt the dollar's slide temporarily. Declared

one Toronto currency trader: "The atmosphere here is frantic. Nobody has ever seen it like this before."

The Canadian currency's problems were mirrored in most other major Western nations. The rising greenback hit all-time highs against the British pound, French franc and Italian lira, 18-year highs against the West German mark and Dutch guilder and a seven-year high against the Swiss franc. At the same time, President Ronald Reagan bombed stock oils to restrain the dollar's rise, adding that other currencies have only themselves to blame for the weakness of their currencies. Reagan

unemployment rolls. Added Deane: "I really do not know how [the Conservatives] can look at themselves in the mirror each morning. They have no shame." For his part, Liberal finance critic Donald Johnston said that the dollar's fall was caused partly by the Tories' lack of success in winning the foreign investment. Declared Johnston: "The thing that worries me is the confusion and uncertainty that a falling dollar sows on people's minds. If it leads to a run on the dollar, that would be terrible."

In fact, Wilson's response to the falling dollar was remarkably similar to actions taken by previous Liberal fi-



Hedonism in the U.S. Virgin Islands more costly holidays, inflation, and uncertainty

neered out that the robust U.S. economy grew by 6.9 per cent in 1981 and is declared. "Our trading partners in the world have not yet caught up with us in the economic recovery. What we really need in their economies is bringing their money up in value comparable to ours."

**Anguish:** In Ottawa, Wilson faced a storm of criticism as the dollar sank. "The Times promised that if we elected them, there would be a new vitality in the economy, a brand new confidence in Canada," said New Democratic Party House Leader Ian Dews. Instead, he told Maclean's, the central bank's decision to raise interest rates would further unsettle the already fragile economy and add thousands more to the

unemployment rolls. Last June, when the Canadian dollar slipped to a new low of 70 cents against the U.S. counterpart, Conservative politicians accused the government of pursuing policies that weakened the currency and then raising interest rates to support it. At the time, Tory finance critic John Crosbie, now the justice minister, predicted that Canada was in danger of becoming a "30th American business republic" because of its currency. Said Crosbie: "We cannot afford to have a dollar that is occasionally sinking." But Tory Leader Brian Mulroney said during the election campaign that faced with a choice between higher interest rates and a weakening dollar, he would let the dollar slip. Wilson hes-

## The greenback's weak sisters



ist, while he was in opposition, called for the resignation of Bank of Canada Governor Bessy because of the central bank's policy of pushing up interest rates to protect the dollar.

**Upward:** Last week it was Wilson's turn to defend as upward move in bank rates. "No other policy makes sense," the finance minister told reporters. He also denied that he and Bessy had disagreed on the central bank's handling of the dollar and interest rates. "The government is undertaking monetary policy according to its best judgment," Wilson said, "and I support the action that the government has taken." Later, during a visit to New York to urge U.S. businessmen to invest in Canada, Wilson said that there was little his government could do. He said: "We are just hoping that it will settle away. It always does. It may even happen tomorrow."

Canadian consumers have a direct stake in the fate of the dollar. About 70 per cent of Canada's \$80 billion in annual imports comes from the United States, and each time the dollar falls the cost of purchasing those products increases. Even goods from far-flung markets become more expensive because they must be paid for with U.S. dollars. Explained Keith Dixon, president of the Canadian Importers Association Inc.: "If you sit grandfather, your halfway point or take a holiday in Florida, you will be hurt." Still, some food industry spokesmen predicted that, for a while at least, U.S. growers will probably absorb some of the losses caused by accepting payment in a weak Canadian dollar rather than pass them along to Canadian shoppers. Said Anthony Arnes, president of P.F. Larson and Company Ltd., a food wholesaler in Ontario and Quebec: "If you think that the price of fruit and vegetables is going to skyrocket, you are wrong. It will not."

**Gains:** Some Canadian businesses stand to make gains from a weakened dollar. Firms that export lumber, metals and wheat welcome lower currency values as an opportunity to make short-term profits. That is because most commodities are priced in U.S. dollars, so that any increase in the greenback's value adds to the earnings of Canadian producers. Glen Ferguson, treasurer and vice-president of Vancouver-based MacMillan-Bloedel Ltd., estimated that last week's fall in the Canadian dollar annually would yield an extra \$90 million, or \$40 million for his company. MacMillan's major owner, a Toronto-based mining company, will also gain because the world price of copper and other metals is set in U.S. funds. Said Noranda chairman Alfred Power: "It with it would not happen this way. But we will gain from this." Other winners include Molson-Carleton Ltd. of Montreal and Moosehead Breweries



# Reluctance in the red chamber

By Michael Rose

Political satirist Larry Solt once called the Canadian Senate "the only constant in the world where all the attributes, spiciness, relief and hostility are absent of barely breathing." But last week security guards stationed in the normally tranquil corridors outside the red chamber were startled by nervous, anxious and reformulating journalists who were gathering to record the unlikely drama of a heated debate. The cause of the controversy was the refusal by the Senate's Liberal majority to pass Bill C-11, a simple borrowing bill introduced by the governing Conservatives—and one that had already received all-party approval in the Commons in December. Said Finance Minister Michael Wilson: "The senators' actions are costing the taxpayers real money." But Senate Opposition Leader Allan Rock, who had already dismissed those charges as "infringe-ment."

**Standoff:** The saga began on the last day before Christmas, when the House of Commons passed a bill permitting the government to borrow \$5 billion to cover its basic expenses for the remainder of the fiscal year, ending March 31, as well as \$12 billion for the first five months of fiscal 1989-90. But when the bill reached the Upper House last Dec. 28, the 72 Liberal senators who comprise the 106-member Senate joined 52 right-leaning Conservatives, they refused to pass the bill until they saw the government's 1989 spending estimates, expected to be presented next week. Without parliamentary borrowing authority the Conservatives were forced to cancel the government's regular bond auctions, borrowing only enough money at the weekly auction of treasury bills—a type of federal bond—in pay off maturing bills.

Last week, with the Conservatives lacking the money to defend the sagging Canadian dollar against the soaring American greenback, the standoff turned into a crisis. Mr. Mackenzie, after unsuccessfully urging the Liberal-dominated Senate Committee on National Finance to pass Bill C-11, Wilson walked out of the meeting. The next day the government unveiled a newly used law (an order-in-council under Section 30 of the Financial Administration Act) allowing it to borrow funds for six months or less without Parliament's approval.

The government quickly borrowed \$500 million (US \$1 from a group of foreign banks and used it to buy Australian dollars on the money market) in an "ad hoc" attempt to slow

the dollar's fall. Then, on Wednesday the Conservatives passed a second order-in-council, permitting Ottawa to borrow another \$500 million in Canadian dollars on the domestic market to be used to pay general government expenses. And on Friday, after the markets closed, Wilson announced another \$500 million borrowing to help the dollar. Wilson charged that the Senate's tactics had cost the treasury nearly \$2



Mackenzie: Tory charges of subverting the Commons

million in extra interest charges by forcing the government to go to short-term money markets for emergency funds.

**Crisis:** At a packed news conference on Thursday—after the Senate defeated a government motion to order the Finance Committee to endorse C-11—Mackenzie denounced the actions of the Liberal senators. Said Mackenzie: "Parliament has refused every government since Confederation borrowing authority for a year for which it has not presented its spending plans. I believe

that the Senate in this case has demonstrated its reluctance to the political process."

The current crisis will likely end this week when the Senate finally receives the government's spending estimates, which were held up because the House of Commons was not sitting last week. But the chamber's action has already raised serious concerns about its proper role in a parliamentary democracy. In a letter

to Opposition Leader John Turner, dated Feb. 10 and released by the Prime Minister's Office the next day, Brian Mulroney said that the Senate delay was "highly unacceptable. The Senate is not only that the Senate is obstructing the government's debt management program to the detriment of Canadian taxpayers. The most important principle is that the Senate, a non-elected body, is subverting its order of the House of Commons." Indeed, many Conservatives and New Democrats also questioned Turner's ability to control the Liberal senators—many of them appointed by former prime minister Pierre Trudeau—who have been instrumental in blocking Bill C-11.

**Weakness:** For his part, Mackenzie, himself a former finance minister whom Trudeau appointed to the Senate last spring, maintained that Turner had no need in the Liberal senators' series. He dismissed as "preposterous" suggestions that the actions of his Senate colleagues were weakening Turner's

leadership. Still, the episode made it clear that the historically graced Senate will be the object of intense scrutiny in the current Parliament. And with the Liberal side of the Upper House now accepted by such reform politicians as Mackenzie, longtime party strategist Keith Davey, former Trudeau legislative assistant Joyce Parbrink and adviser Michael Kory, it is unlikely that the Senate will soon fall back into obscurity. □



Money traders at work, the fast-paced domain of a high-risk world

## Gambling on the dollar

By Mary Jannigan

The signal appeared late last week when the Bank of Canada suddenly offered to sell three-month treasury bills at the floating interest rate of 19.75 per cent. For Renta, a top-flight foreign exchange trader at the Toronto investment firm of McLeod Young Weir Ltd., had been waiting for that moment since early January. At that time he had bought contracts to sell Canadian dollars in the future for between 74 and 76 cents (US \$). He had been gambling that the dollar value would fall below that level, and as a result he could sell the contracts at a profit. That gamble paid off handsomely last Friday. When the bank offered the high-yielding securities to lure money into Canada, Renta concluded that it was finally time to stop the drip in the Canadian dollar. He decided that after a dramatic slide during the week, the dollar had reached its short-term low and that it would begin to climb again—if only temporarily.

**Turned:** At 11 a.m., with a telephone clamped to each ear, he looked orders at three markets: the Interbank telephone market, the Chicago Mercantile Exchange and the Philadelphia options exchange. And 15 minutes later Renta said his contracts when the dollar dropped to 72 cents and made a substantial profit for the firm's account. "There has been so much turmoil," explained Renta, 36. "We were looking for the point to sell before it hit the market place and take a profit."

That short-term speculation is a key part of the high-pressure, high-risk world of currency trading. And those who make their living from buying and selling currencies have been key participants in the severity that drove the Canadian dollar down 3.65 cents over the past week before closing at 72 last Friday. Some economists argue that the Canadian dollar is now undervalued and that it will gradually bounce back to a level between 74 and 80 US cents. Other economists say that, despite small recoveries, the dollar has nowhere to go but down. Still, most of them are surprised by the sheer amount and speed of the decline. "It generally does not move as much in a year as it has in the past few days," said Graham Sweet, the chief foreign exchange trader at the Canadian Imperial Bank of Commerce. "The movement is unexpected in its magnitude—but not in its direction."

**Realist:** Some say that there are short-term—and long-term—reasons for the dollar's drastic decline. Sweet said that Canadian reserves comprise almost half the dollar throughout the early winter because they were concerned that it had hit bottom. When they stopped buying, the dol-

lar began to slide. He also said that a recent, single sale of half a billion Canadian dollars may have precipitated the fall.

**Aggressive:** When the downward movement began, Canadian import firms and government agencies, such as utilities, which owe large amounts of money to US lenders, reacted swiftly. Because they have to pay their bills in instant payments in US dollars, they quickly began buying up large quantities of US dollars before the Canadian dollar slid any further. Said Sweet: "Once the move started to take place and once it was seen that the Bank of Canada was not taking an aggressive stand to defend the dollar, then everyone jumped on the bandwagon."

But Sweet—and other key traders—insist that there are also long-term reasons for the US dollar's strength and Canadian dollar's decline. They point out that the United States has a high interest rate and a low inflation rate, that it has a vibrant and diversified economy and that the government is pro-business. With those powerful attractions, money is flooding into the United States from Europe and Canada, particularly Barry Duncan, the vice-president of foreign exchange for the Bank of Montreal, said that currency trading volumes were sometimes three times their normal size last week. But he added that currency speculation is not the cause of the steady fall. "It is the state of national economies relative to each other that causes the slide," he said.

**Results:** Indeed, the relationship of the Canadian and US economies is a central cause of the dollar's weakness. Some experts, such as Renta, say that the Canadian dollar will continue to decline until Prime Minister Brian Mulroney slashes the \$5-billion federal deficit—which includes

debt in Canada—and also takes steps to curb Canada's foreign debt of \$100 billion, which must be paid back in foreign currencies. Others, like Irene Li, the assistant vice-president of the investment firm of Wood Gundy Ltd., in Toronto, contend that the Canadian dollar has been undervalued in the general rush to buy greenbacks. "All you can say is that the current low will not last long," the economist declared.

That opinion clearly was not widely shared by the traders on the exchange floor of the nation.



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V O L K S W A G E N



# Big Labor's weakening grip

By Robert Miller

The attack was more subtle than the blue collar, and the heel seems twisted toward labor's cause rather than the most and politeness supposedly preferred by organized labor. But the luxurious Sheraton Biltmore resort near North Miami, Fla., where a five-night suite costs as much as \$450 (U.S.) a night, played host last week to the high priests of North America's troubled trade unions. The executive council of the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO)—much of the council's 50 members is a powerful union boss in his own right—gathered in an opulent residence to ponder labor's uncertain future in a job-short, high-technology world. Among the painful subjects on the AFL-CIO agenda were problems increasingly familiar to Canadian union leaders: organized labor's declining political influence and its failure to make a major breakthrough in recruiting white-collar workers outside the public sector.

**Dispute:** For AFL-CIO council member Owen Bieber, president of the 1.3-million-member United Auto Workers union, the Florida meetings were doubly difficult. No easy solutions emerged during the private sessions. And Canadian (and director Robert White, 43, was in Biltmore to begin the delicate negotiations expected to lead to an autonomous union for Canadian O&W workers by next fall. White, Bieber and two other Americans (AFL executive secretary-vice-president Bernard McNamara and board member Joseph Tammis) spent five hours Wednesday discussing a property settlement in the impending White-inspired drive of roughly 220,000 Canadian O&W members of the Ontario Federation of Labour (OFL) to be divided: the two strike fund, which totals about \$600 million (Cdn.), and such union-owned real estate as its modern two-story national headquarters building in suburban Toronto.

White proposed the controversial divorce, after nearly 50 years of marriage, on Dec. 30, 1984, and the union's international leadership accepted it in principle on the very same day. Last week's preliminary negotiations were officially described as amicable and a further meeting of the four-man committee was scheduled for March 11 in Detroit. Said White, "There wasn't a lot of animosity but we didn't accomplish anything. It



White negotiating to split the ranks of a once-joined international union

really was an exploratory first meeting."

Leaders of other unions on both sides of the border were keeping a close watch on the O&W developments. Of the 26 million Canadians who belong to private sector unions, no fewer than 1.5 million are in so-called international organizations, most of which are dominated by their American members. At least seven Canadian labor co-ops expressed support for the concept of all-Canadian unions. Said Vancouver's Cathy Walker, staff representative of the Canadian Association of Industrial, Mechanical and Allied Workers: "True international solidarity is built between strong national independent unions. Canada is the only country in the world whose unions have been controlled from another

country." But Charles Clark, co-director of the Toronto-based Amalgamated Clothing and Textile Workers Union, disagreed. Clark said that he believed the O&W "will be all right." But he added: "It is not the path for all international unions. We have autonomy, yet it is the strength of the Americans and the number of American-owned companies in this country that make our union as effective as it is."

**Dispute:** White's plan has already been endorsed by most O&W locals, including the crucial 17,000-member Local 220, which represents workers at the General Motors of Canada Ltd. plant in Oshawa. Until 1961, many O&W members at the Oshawa operation had joined federations along the pending split. Vivian Williams, a 39-year-old O&W production-line

worker, was concerned that an all-Canadian union would have reduced bargaining strength against the multinational automakers. Said Williams: "I hope they are doing the right thing, but I don't think they are."

By any measure the time separation was a dramatic development during a time of turmoil for unions in Canada. Organized labor, traditionally a full partner with government and industry in the management of the Canadian economy, is struggling with concurrent crises. Among them: a deteriorating

believe we remain an important part of society." He cited social concerns—including medicine, pension reform and nuclear disarmament—as when organized labor has been active. Added White, who is somewhat criticized because of his prominence in the media: "I will do whatever I can to improve the public acceptability of unions. If we are dealing with broad public issues, I think people will understand that we are not a narrow self-interest group." But other union leaders, as well as academic observers and business spokesmen, were

new worker—who has higher education levels, higher expectations of job attraction, a questioning attitude and the security of the welfare state."

Indeed, public-opinion polls in Canada show declining support for organized labor, despite the fact that almost 60 per cent of Canadian workers belong to a union. The most recent Gallup poll, published in December, found that 35 per cent of Canadians were hostile to the union movement. And The Montreal Decima Poll, published in January, showed that only 10 per cent of those surveyed thought that unions adequately represented their economic interests. Said Harvard University labor law specialist Paul Walker, a former professor at Toronto's York University: "The unions have fallen into disfavor because of strikes in the public sector and because some people believe they have too much influence on public policy during elections."

**Dispute:** Increasingly, the public has made its dislike of strikes evident—especially when they cause inconveniences. Contract talks have broken down between the 21,000-member Canadian Union of Postal Workers and Canada Post Corp. after eight months of negotiations, much of which involved job-security demands. CUPW's 1983 strike interrupted Canadian mail service for six weeks. Roughly 3,500 Ontario brewery workers went threatening to strike Molson Ontario Breweries Ltd., and Carling O'Keefe Breweries Canada Ltd., in a dispute over the companies' introduction of automation in the Brewery. Mack and Soft Drink Workers in one sense says that the cars will ultimately lead to fewer jobs.

At least one strike in progress had profound significance for the Canadian labor movement's future. National attention has been fixed on a three-month-old strike by 1,500 recently organized members of the Retail, Wholesale and Department Store Union (RWDSU), employed by six southern Ontario companies by the privately owned T. Eaton Co. The union is demanding that



Bieber declining membership in the face of unemployment

public unions, an inability to attract workers to the farming service sector, the trend toward conservatism in government and politicians in management. Labor also acknowledges its own impotence in the face of the predominant social issues of the day—crime, unemployment (page 11), and John Cripps, a professor of management studies at the University of Toronto: "The traditional union base is declining, just as the old-line industries are declining. It is employment because of technological change. The unions are now hard pressed to find new members."

**Nuclear:** White, a native of Northern Ireland who came to Canada at the age of 16 and who has risen to become one of the country's best-known union leaders, told Walker he was aware of but not impressed by increasingly antagonistic attitudes about labor's problems. Said White: "I never remember labor riding a crest of popularity. Labor tends to go front and center on the difficult issues. Certainly, I

less imagine, agreeing that organized labor was in trouble at least in part because of its previous successes. Said Clark, of the textile workers: "To do its job for its members, a union has to take stands that are not necessarily popular with the public. But everything the labor movement has fought for has been passed on in general legislation—statutory holidays with pay, the 40-hour week, how many hours we work, and we were involved in the struggle for it. But when the struggle is over, nobody says, 'Thank God for the labor movement.'"

Added Peter Eggen, managing general secretary of Canada's major union president for corporate relations: "The trade union movement is faced with what you could call the

first contract from the huge retailer, which has 26,000 employees across the country. According to some labor specialists, the Eaton's strike is a litmus test of organized labor's prospects for signing up white-collar workers in Canada's service sector, including banks, the hotel and food service industry and even fast-food operations. Indeed, the service industries in the private sector, where most new jobs



are expected to emerge, are labor's last frontier in the search to expand union membership. Said textile union director Clark, "If this Eaton's strike is ever broken, it will be a long and costly year before another group of retail people will ever sign a union contract."

Across the country, the labor movement has rallied to support the strikers. The 500,000-member Ontario Federation of Labor has begun an advertising campaign directed at the general public, urging a shoppers' boycott and writing out labor's side of the dispute. The stores have continued to do business as usual and show no sign of giving in to the concerned worker's demands. But Robert McKay, the union's chief negotiator, said the public is sympathetic to the strikers, and added, "We have letters by the thousands from consumers."

According to Charles Irvine, business agent for Local 206 of 65,000-strong Service Employees International Union, which represents hospital, nursing home and cemetery workers, "The Eaton strike is a fight we fought in the 1930s and 1940s—a fight for basic rights."

Powerful as these arguments are, at least some analysts say that business has become increasingly intransigent toward organized labor, partly because of longer operating hours arising from the 1981-82 recession and partly because the seemingly intractable unemployment crisis has made individuals more concerned with personal job security than with collective rights. According to Harry Glasbeek, a labor law professor at York University, unions are losing their strategic will because of economic power. Said Glasbeek, "Business is telling labor, 'Unless you give us the conditions we want, we will invest our money in Taiwan.' Business is using its economic power for political ends—a way that labor cannot do."

In the United States union membership has declined steadily as a percentage of the work force and now stands at roughly 16 per cent, down from a high of 25 per cent in 1960. The December re-election of President Ronald Reagan emboldened employers and demoralized labor leaders. Indeed, one of the chief

topics at the AFL-CIO's 3rd Harbor conference was a review of the 1984 presidential election. Perceiving Reagan to be irretrievably antifabor, the AFL-CIO made an unprecedented effort to support left Democratic challenger Walter Mondale. Reagan routed Mondale and carried nearly 55 per cent of the vote in AFL-CIO households, a stunning setback for Big Labor.

In Canada the 1984 election of a Conservative government under Prime Minister Brian Mulroney triggered cold dispute in labor circles. Mulroney promised a new era of economic consultation with both business and labor and de-

clared his priority to be "jobs, jobs, jobs." Still, Canadian labor leaders doubted their influence would be great in the corridors of government. Shirley Carr, secretary-treasurer of the Canadian Labour Congress, said labor did not stand "the chance of a snowball in hell" of affecting government policy. And even James MacCamley, president of the Canadian Federation of Labour—a union group was dedicated this month to trying to work with government—admitted, "We did not get involved thinking we could change the

world." Most Canadian labor leaders, including White, were waiting for Finance Minister Michael Wilson's budget, expected this spring, before deciding whether Mulroney would prove to be a friend or a foe.

Wilson also cited the differences "in political dimension" between the United States and Canada as one reason for his willingness to lead his new followers out of the American-dominated fold. But, more important, his decision stemmed from a fundamental disagreement between the U.S. and Canadian OIL leadership on long-term tactics. Canadian union executives, including White, emphatically oppose any increasing wages by the U.S. as a way to forge annual wage increases and accept lump-sum increases, a share of future profits and job security guarantees from the automakers involved. White, who left school at the age of 15 and later became a taxi member when he found employment at a Woodstock, Ont., woodworking plant, was unwilling to accept the car makers' argument that they needed wage concessions in order to survive.

Glasbeek added, in last October's 13-day strike against General Motors of Canada Ltd., White and 36,000 car workers successfully held out for a \$2.62-an-hour wage increase over three years, eventually signing a contract that differed radically from one negotiated earlier that year by Barber and Detroit-based General Motors Corp.

In the case of the 1981 strike against an, White gambled—and won. Most observers say he got new life by his gamble that an all-Canada OIL war would succeed. The question increasingly asked in labor and industry circles is what White will gamble on next. His high profile and his standing as intelligent to negotiate with the new media have triggered speculation that he might seek a political career. White discourages such speculation, saying "I am not one of those who looks ahead" 800, he admitted, "I personally find it difficult to think it would be for me to become Minister—doesn't everybody?"

With Robert Black in Ottawa.

## Wrestling with the jobless crisis

By Hal Quinn

The unemployment is all but unanimous job creation has become the most pressing need of the Western industrialized nations. At the end of 1984 fully 23.4 million jobless citizens of these countries, including 3.4 million Canadians, could not find work. And even those who held jobs faced the anxiety and frustration of

Said Prof. Harry Glasbeek, a labor law specialist at York University in Toronto: "The only way to create employment is for government or an investor to spend money."

In Canada, the government of Prime Minister Brian Mulroney has made it clear that it is up to private companies as well as governments to create jobs. At the Feb. 14-15 first ministers' conference, Mulroney's employment minister,

him to return workers valuable to technological change, \$125 million for training youth and women, \$350 million to create jobs for the chronically unemployed, \$40 million for workers in declining communities and \$100 million to stimulate private sector job creation. The previous year, a majority of Ottawa's proposals that Canadian labor leaders—assert that most new jobs are likely to emerge in service and high

technology industries, where the union have had difficulty organizing workers—were announced in their creation. And the federal opposition parties were critical. New Democratic Party employment critic Lorne Nystrom denounced the package as inadequate, and Liberal employment critic Warren Allmand said, "There are many parts of the country where there is not a strong business sector and, if you leave it up to the business sector to create those jobs, they just will not be created."

**Solutions:** At the same time, businessmen have doubted the government's ability to identify future job needs. John Bolckow, president of the Canadian Federation of Independent Business (CFIB), for one, said, "Nobody can say what skills will be needed in a few years." And Michael McClelland, president of Inco's Ltd., an Ottawa-based economic forecasting agency, said, "Training programs may only produce a more highly trained unemployment force." Still, Black had already debated the government's strategy. He said Mulroney's "instead of being a one-shot effort, it is now going to be a lifetime process."

But others offer a host of different solutions. Said Black, "What creates jobs is a healthy small-business community. One hundred per cent of the net growth in employment from 1978 to 1982 came from firms that did not exist in 1978. You can never plan jobs, only create an atmosphere in which enterprise flourishes."

Some labor leaders questioned the potential of small business to create enough jobs. Said Dick Martin, executive vice-president of the Canadian Labour Congress (CLC), "It is not a true



Refugee soup kitchen: Training programs may only produce a highly trained unemployment force.

the unemployed. The Macdonald's/Dominion agency (p. 1), which has not reported employment as the nation's most critical issue. A similar poll in France, where over 25 million people are jobless, found last October that 79 per cent considered unemployment to be their country's most serious problem. And in Britain, where 13 million people are out of work, a February poll showed that unemployment had helped drive popular support for Prime Minister Margaret Thatcher's government to its lowest point—37 per cent—since its month of 46 per cent during the Falklands War.

Clearly, the global job shortage constitutes a crisis of profound significance for organized labor. Still, most union spokesmen and academics warn that labor is virtually impotent to do anything about it and that any solution must come from labor's traditional adversaries—government and industry

Fiona MacDonald, unveiled a \$695-million job creation and training plan. Coupled with a \$390-million summer job scheme, Challenge 85, and programs already in place, Ottawa's job budget for the 1985-86 fiscal year totals \$2.2 billion. The federal strategy calls for increased reliance on private sector job creation, wage consultation with the provinces to tailor programs to regional needs and analyses of what jobs will be required in the future.

**Vulnerability:** Indeed, Ottawa and the provinces are spending billions of dollars, but, in some degree, they can predict future skill demands. MacDonald said that her department's Canadian Occupational Projection System—which gathers data on skills shortages and trends from business and labor groups—together with provincial labor advisory councils for Canada Employment Centres will help make predictions more accurate. Included in the \$695-million package of proposals \$30 mil-

lion to create jobs will be needed in a few years. And Michael McClelland, president of Inco's Ltd., an Ottawa-based economic forecasting agency, said, "Training programs may only produce a more highly trained unemployment force." Still, Black had already debated the government's strategy. He said Mulroney's "instead of being a one-shot effort, it is now going to be a lifetime process."

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MacCamley, Wilson (right) seeking strikes and making influence.

picture in any small business has created jobs. Many of them are simply contractors to large businesses—a shift of employment from large to small business. Agreeing with many labor leaders in the United States, Mitterrand said that the best approach to long-term job creation is a government commitment to expanding or repairing the national economic infrastructure. Added Mitterrand: "Public works projects are needed and, because they are labor and materials intensive, they would create growth."

**Remedies:** One novel approach to job creation has been undertaken by the Quebec Federation of Laborers (QFL), although results have been slow to develop. In February, 1984, the 406,000-member QFL formed a Solidarity Fund to invest in small- and medium-sized co-

operatives. France, 10.2 per cent, Italy, 10.0 per cent, Australia, 10.0 per cent, the United States, 14.4 per cent. Governments in the developed world have attempted a variety of remedies, with only limited and temporary success.

Their part, the Japanese have accomplished their economic miracle—and managed to hold unemployment at 2.7 per cent—with a combination of lifetime employment, seniority-based wages and attractive fringe benefits. In the United States unemployment has dropped by 5.9 per cent in the past 24 months to the rate of lower than rates, tax cuts and incentives. But fully two-thirds of newly created jobs are in the service sector—the computer, banking, insurance and fast-food industries—where

working with job creation, including retraining programs, early retirement options and fiscal aid to 34 depressed areas. Another novel French plan to create jobs has flourished in union opposition. Last May, Thos. Galtus, president of the Cassini National du Patrimoine Francaise, a French employees' group, proposed a complicated five-part plan to persuade unions to relax stringent contract provisions, including job security and hours of work provisions. In return for union flexibility, Galtus pledged to create 670,000 new jobs. But in December, with several major unions on the verge of signing an accord with Galtus, a growing list of unions led by leftist labor leaders objecting to what they called the abdication of workers' rights, succeeded in scuttling the plan. More than 2.6 million French workers were unemployed at the end of 1984, and the total may reach three million by the end of this year.

**Wages:** In Britain, Prime Minister Thatcher has proclaimed her goal to "make a capitalist of every man and woman" but she has introduced free specific programs. And the prolonged 15-month coal miners' strike, in the midst of record unemployment, has undercut the credibility of any job-creation programs which British unions might have to offer. Both unions and industry are wary of job-sharing plans—often cited in Canada as a potential solution and reported favorably by 52 per cent of Canadians, according to *The Maclean's/News Poll*. The 161-staff-number Trades Union Congress has recommended the confirmation of training and retraining programs, a shorter work week, early retirement, reduced overtime and longer holidays. Notes John Prescott, the opposition Labour Party spokesman for employment: "The British union movement has become a giant with no bloody strength." That is also true of unions in other Western nations. They can only watch as their governments and industries struggle to create jobs for the unemployed millions.

With Mark Burgin in Vancouver, William Lowther in Washington, Robert Miles and Sandy Pyle in Toronto, Anne Blum in Ottawa, Kristine Lillie in Montreal, David Jones in Paris, Philip Wiggins in London, Peter Lewis in Brussels and Jack Borkin in Tulsa

## WATCH

# Magna's born-again capitalism

By Peter C. Newman

"I'm the last guy to say there shouldn't be unions," says Frank Strossach, the chairman and CEO of Magna International who has authored a new corporate culture specifically designed to cement unions. "We have no unions, but we are very pro-union. Without this we could not have a company. We have developed our own culture, which is very appealing because we give every employee willing to put in enough effort the blueprint to create his own Magna."

This kind of paternalistic born-again capitalism, rather like a plenary, re-producers ring to it, but for Strossach and his amazing company it works. "We don't believe in company songs and company uniforms," he told me during a recent interview, "but I do believe we should make the work experience more consistent and more positive. In this way, we are ahead of Japan. The Japanese worker is reasonably well paid but he is a servant. Magna people are owners. We try to provide them with economic freedom. If business fails to give the working class an environment of that sort, the free enterprise system has no chance to survive. It is doomed."

Funny rhetoric aside, the formula works for Magna International, which is growing at a compound annual rate of 30 per cent and which, last year, achieved a sales jump of 85 per cent, doubling its net profit. The Markham, Ont., car parts company, which makes more than 1,000 different components that also under the hood and make automobiles run on time, has one of the most enviable labor-management records of any Canadian enterprise. There is little turnover and few complaints—except from those who passers trying to break into the shop.

One factor that makes Strossach's company different is its own decision-making. Because he believes that no boss can have an effective relationship with more than 300 workers, the Magna operation is subdivided into more than 70 small factories, which reproduce, essentially, the same process. It is a cloning process that reproduces the company almost automatically, providing built-in incentives for ambitious foremen to establish their own plants. As reborn takes hold, the size and output of the Magna units will keep growing, but each new plant remains limited to 100 employees.

A more interesting innovation is the Corporate Constitution which Strossach

published earlier this year. A Magna Code of no mean pretensions, it is reprinted as a parish parchment in the company's annual report. Its nine commandments define the firm's operating philosophy, making sure that the majority of its board of directors are outside management and that no insider can acquire control by diluting all ownership shares to internal hands. Management obliges itself to turn a minimum annual after-tax profit of four per cent.



Strossach is more evenly distributed job.

The document's most imaginative clause deals with the division of income. 10-per-cent profit before taxes is allocated to employees, 50 per cent to shareholders in the form of dividends, 30 per cent to the company's 20-per-cent management team, 50 per cent for research and technology development, and two per cent for charitable works and political philanthropy. "Management must have the right to choose the ingredients to bake the economic pie,"

says master chef Strossach, "but once the pie is baked, management must be thankful about a very great share of that pie it can take."

Instead of ordinary profit-sharing, Magna allocates one-tenth of its pretax profits to its 5,000 employees, mostly in the form of locked-in equity participation plans. By 1985, 100 per cent of the employees share with 85 families. Theresa Orsick, who has been a punch press operator with the company for 17 years, has accumulated \$32,175 in her account. Ken Lee, a tool and die maker for the past 11 years, now owns 2,588 shares worth \$22,165.

Such division of the pie is accompanied by erection to resurrection paternalism that includes recreation facilities (such as a private lake, tennis courts and swimming pools) and "industrial companies" to keep training and education. Strossach is so accustomed by the company he has created that he recently gave up some of his day-to-day responsibilities so that he could spend his day broad of free enterprise in the rubber-chicken circuit.

A 1964 immigrant from Austria, he arrived with his machine's papers, found work in a small tool and die shop and soon ended up running it. He left to start his own company in 1967 and within two years built it up from a custom operation to a rapidly expanding business with 65 employees. When his foreman threatened to leave and set up on his own, Strossach offered him a partnership. "I figured if that foreman left, it would stifle my growth, and that's never too good to go. Secondly, I would have had to work a lot harder. I hated that idea. So I went to the guy and said, 'Look, why don't we open a factory together?' I offered him a clear-cut package, nothing grey. Rings? We opened a factory, then another and another. I was a young guy and I had factories running out of my ears."

Magna's current objective is that by 1988 every automobile built in North America should contain \$100 worth of its parts (the current contents total is \$80.15). A new factory has just opened in Germany, and a joint venture with Nissan Balm Co. of Japan is in the works. Industrial democracy may sound like a contradiction in terms, but Frank Strossach is serious about trying to achieve a new quality of working environment that would allow employees at every level the freedom to choose how and why they work. Magna's Republic with a bottom line.



Ford assembly line: a host of conflicting programs, but no consensus on a solution.

tempered in an attempt to create as many as many as 50,000 jobs. At the time, QFL president Hans Lohrberg said, "This is a more revolutionary idea for labor than starting a workers' party." The fund started with \$10-million seed money from the provincial government, but only \$4 million has been collected from members. The fund's investments have been modest—\$100,000 in Puerto Rican securities, a St-Jerome firm with 240 employees, and \$500,000 toward a \$6.5-million expansion of La Science des Oubliés, a survival in Basque Canada.

While the Canadian unemployment rate stands at 11.5 per cent, it is far from unique in the Western world. The Netherlands' jobless rate is 17 per cent, the United Kingdom's 13.9 per cent. In other nations the situation is only marginally better. The end-of-1984 figures for other major industrial countries: Germany,

unions are thinly represented. But there is an apparent change in the public attitude toward unions. Gary Burdette, a senior fellow in economic studies at the Brookings Institution in Washington, said Maclean's "There is this sense of unionization and workers are becoming frightened to join unions. And most union members are more interested in getting existing jobs than creating new ones." The unions have called for even lower interest rates, the creation of a government bank for new investment and substantial spending on public facilities to create jobs.

**Depressed:** The unemployed numbers in France have again climbed even less. Last March the Socialist government of François Mitterrand launched a modernization plan for five unbalanced industries, at a projected cost of 300,000 jobs. The government continued job cre-

Taking a tip from several former European ski champions, Nancy Greene, 41, wants to build a ski resort. Greene, whose giant slalom run won Olympic gold in Grenoble, France, in 1968, and her husband, Al Raine, 43, former program director of the Canadian Alpine Ski Team, are seeking investors to build a 440-million, 60-room hotel at Whistler, B.C., their home base since 1980. If all goes well, construction of Nancy Greene's Olympic Lodge, which Greene says will be "a European-style, family operation," will start in April on land the Raine couple just

sold in early February from Manhattan to Victoria. Said Katz: "I had the idea on New Year's Eve and decided that one little Canadian guy could take on all these big American guys. Three weeks later it was a reality." Part of that reality involved looking the book's author, Alvin Free, 38, an advertising copywriter who had never written a book, in a downtown Toronto hotel room with newspaper clippings and a typewriter for five days. On Jan. 25, just six hours after a grand jury indicted Goetz on an illegal weapons charge, the book was finished. Katz, who received \$250,000 in the project, said, "Bernhard Goetz is the story of the little book that roared."



Raine and Greene: 'At the starting gate again'

fell at the foot of Whistler Mountain's Olympic ski run. Banking on his enduro-race name as well as Raine's experience as past director of the Whistler Ski Area Association, Greene declared, "I feel like I am at the starting gate again."

Taking from children's book stories to the crime-ridden New York subway system is one that Toronto publisher Bill Katz, 38, took in his stride. Katz, owner of Little Ones Books, whose biggest seller so far is *How to Protect Your Children From Sexual Assault* (140,000 copies), has occupied the giant American publishing houses with the first "parent book" on *Bernhard Goetz*, the 31-year-old electronics engineer who turned down four black youths who were harassing him in a New York subway car in December. Almost a million copies of the \$3.95 paperback *Bernhard Goetz—Fugitive or Victim?* went on

sale in early February from Manhattan to Victoria. Said Katz: "I had the idea on New Year's Eve and decided that one little Canadian guy could take on all these big American guys. Three weeks later it was a reality." Part of that reality involved looking the book's author, Alvin Free, 38, an advertising copywriter who had never written a book, in a downtown Toronto hotel room with newspaper clippings and a typewriter for five days. On Jan. 25, just six hours after a grand jury indicted Goetz on an illegal weapons charge, the book was finished. Katz, who received \$250,000 in the project, said, "Bernhard Goetz is the story of the little book that roared."

Wearing only a pair of bikini briefs and a smile, Jim Palmer, 38, a star pitcher for the Baltimore Orioles baseball team until he retired two years ago, is living proof that there is life beyond the mound. Since he ended his 16-year major-league career, Palmer has divided his time between modelling, broad-casting and writing. Last month he received his lucrative six-figure contract to model underwear with Jockey International. Meanwhile, Palmer has announced ball games for a new series called *The Sporting Life*. In April he will make his debut as an author when his *Joe Fonda-style* life



Palmer: better known for his under

hood has had three Top 40 singles, including his latest hit, *Share Before the Cuts*. The driving force behind the number band is lead singer and songwriter *Luke Kowalsky*, and she is quick to agree. "When it comes to any artist's or director's differences between myself and the other musicians," she said, "I get my way." But behind the band-lady facade is a genuine retiring girl next door. The petite 26-year-old still lives with her mother in Montreal's east end, does not smoke, seldom drinks and says she has "hardly ever seen drugs, let alone used them." Her down-home monthly carries over to her band's public image. Instead of the traditional sex-and-drug themes, Kowalsky's lyrics and videos deal with socially conscious topics such as war and the family. "I could not put out a product that would contribute to delinquency," she said. "I believe I have a responsibility to all those young people watching us."

Kowalsky: I get my way



After a steady six-year climb, the Montreal band *Luke* is now established on the international rock scene. The group's current album, *Secrets and Sin*, released last July, has already sold more than 50,000 copies, and within the past three years the

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Montreal schoolchildren: from a once-booming birthrate to a new record low

## BEHAVIOR

# The cradle's new revenge

By Bruce Wallace

Rev. Russell Schalkof of Our Lady of Fatima Church in the Montreal suburb of St-Laurent remembers that shortly after he arrived in his parish 14 years ago, he was performing "at least three or four baptisms every week." But the 61-year-old priest says that he considers himself fortunate if he can conduct four or five a month. Part of the reason, Quebec's birthrate—once the highest in the Western world and, as such, a cornerstone of nationalist ideology—has tumbled to the third lowest (above West Germany and Denmark). And because each year brings a net loss in migration, some observers believe that the demographic squeeze means the near survival of Quebec society. Said Schalkof: "All our young people have left for Toronto and the West."

Schalkof serves an English-speaking parish, but demographers say that his experience is actually a preview of what has ahead for Quebec's French-speaking majority. The province's population of 6.5 million is still growing by 6 percent a year, but statisticians say that the current low birthrate signals a drastic fall as early as 1990. Quebec's fertility rate fell to 1.5 births per woman at childbearing age in 1984 from a 1960 high of 3.75. A recent national study of women's intentions shows that Canada's present fertility rate of 1.7 could

soon rise as high as 2.1, comfortably above the 2.1 rate needed to maintain a constant population. But there are no indications that Quebec women have similar plans. Said demographer Jacques Hénin of the University of Montreal: "It is simply a question of whether or not we want our society to survive."

In Quebec, the birthrate is much more than a statistic. Historically fearful of being overcome by North America's English-speaking majority and assuaged by the Roman Catholic Church to have large families, French-speaking Quebecers have always perceived a high birthrate as a method of survival. Indeed, native allies consider Quebec's traditionally high birthrate, long called "the revenge of the cradle," as a key support to their ideology. But a decline in birthrate began during the late 1960s and accelerated through the Quiet Revolution of the 1960s, when they first complained. Quebecers now live with conditions in many Western countries. Said Hénin: "The goal of more children being to experience competition

either from mothers who wanted to work outside the home or from other lifestyle attractions."

For all the dreams of an impending decline in French Quebec, observers agree that it is the province's English-speaking minority that is experiencing a decline now. Hénin's most alarming speculation is that people whose first language is English may disappear entirely from Quebec within 50 years. Their birthrate is now lower than their French-speaking counterparts—down to 1.35. Said George Mathews, an economist with the Institut étudial de la recherche scientifique in Montreal: "Population decline, like population growth, has its own dynamics. The more the population drops, the more services and institutions are withdrawn and the more the population correspondingly shrinks. It is truly a vicious circle."

Some Quebecers consider that trend to be a reflection of the province's nationalist politics. But the message from demographers is that nobody is immune from it. Said Mathews: "When faced with the magnitude of growing markets and opportunities elsewhere in North America, it will not be long before young francophones also decide that their future lies elsewhere." Last June the Quebec national assembly's standing committee on cultural affairs acknowledged that sometime when it began examining possible solutions to the impending crisis. This month the committee heard conflicting arguments from experts, some advocating economic incentives to encourage mothers to have large families, others arguing for increased immigration.

Indeed, Quebecers may be alone on the continent in worrying about a declining population. Other Canadian provinces are benefiting from its immigration, and the revelations about an impending rise in their birthrate only dramatize the countervailing trend in Quebec. Although it is still too recent a phenomenon to have sunk into the popular consciousness, Quebec's population of French-speaking natives born on or after 1960 has an ill reputation about the agency of the crisis.

To begin the job of reversing its historical high birthrate, Quebec's French-speaking majority might consider taking the advice that René Lévesque offered to Quebec's anglophones when they first complained. French-speaking majority might consider taking the advice that René Lévesque offered to Quebec's anglophones when they first complained. French-speaking majority might consider taking the advice that René Lévesque offered to Quebec's anglophones when they first complained. French-speaking majority might consider taking the advice that René Lévesque offered to Quebec's anglophones when they first complained.

Mathews: vicious circle



## MEDICINE

# The 'miracle heart's' third trial

Screening Elisabeth once again had the operating theatres at Hammersmith Hospital in London, Ky. Last week an experiment began implanting an artificial heart in the chest of retired autoworker Murray Hayden. The subdued atmosphere was appropriate to the 3½-hour operation, which went smoothly and took only half the time needed to implant similar Jarvik-7 hearts in the chest of Seattle doctor Ben Clark and Jasper, Ind., retired government worker William Schroeder. Then, as Hayden's condition steadily improved throughout the week, Hammersmith doctors were also encouraged by Schroeder's sudden recovery from a mysterious flu-like illness and a deep depression, which they said, as recently as Feb. 18, was sapping his will to live. Now, only two weeks short of the 112 days that Clark survived with his artificial heart, Schroeder is preparing for a move out of the hospital and into a nearby apartment. And Hammersmith doctors say that Hayden has an even better chance of a full recovery.

Although the world's third artificial heart recipient had suffered from the same chronic flu-like muscle deterioration as his predecessors, which left him with only weeks to live, Hammersmith cardiologists said that he was in better condition before the operation than either Clark or Schroeder. During the operation, Dr. William DeBakey, the 67-year-old heart surgeon who is the only man licensed to perform it, encountered none of the heavy scar tissues that had surrounded Schroeder's heart and complicated his surgery. And unlike Schroeder and French surgeon Jean-Louis Monod, who announced that an artificial heart he is developing would allow recipients to "run after a bus or play sports" by 1988. As well, Dr. John Wilson, chief of the devices and technology branch at the U.S. National Heart Lung and Blood Institute, predicted last week that a fully implantable drive system could be available within three years. Both Schroeder and Hayden now depend on a 225-lb external drive system,

still highly experimental. Indeed, both of Hayden's predecessors suffered severe neurological complications after their implants. Hammersmith doctors say they think that Clark's seizure resulted from the sudden increase in blood that his new heart pumped into his brain but, despite measures taken to avoid a similar problem after the second operation, Schroeder suffered a stroke three weeks after his implant. Schroeder now speaks with difficulty and cannot remember

and Schroeder's stroke has severely limited his use of a portable 11-lb system invented in West Germany. An implantable drive would drastically improve the quality of life for artificial heart recipients and eliminate a potential drawback of the Jarvik system—the risk of infection from compressed-air tubes leading into the body.

For his part, Dr. Denton Cooley of Houston, a pioneering heart transplant surgeon, still has doubts about the Jar-



Hayden conquering doubts: despite criticisms, the London experiments are gaining ground

vison events. Tests to determine whether his mechanical heart eased the stroke have proved inconclusive, and his doctors say they will only discover the answers by passing to the end of their seven-patient program.

Despite its uncertainty, the Hammersmith program has ranged at least part of a formerly skeptical medical community. At least three other U.S. hospitals are working on their own implant programs, and French surgeon Jean-Louis Monod announced that an artificial heart he is developing would allow recipients to "run after a bus or play sports" by 1988. As well, Dr. John Wilson, chief of the devices and technology branch at the U.S. National Heart Lung and Blood Institute, predicted last week that a fully implantable drive system could be available within three years.

Both Schroeder and Hayden now depend on a 225-lb external drive system,

which he says that it is nothing more than a mechanical bridge allowing a patient to progress until a surgical heart transplant is available. And Dr. Allan Levenstam, the Israeli-born doctor at the Hammersmith Institute, partly named René Lévesque: "Cosley is right. This is not the last device—but you have to start somewhere."

While the medical community slowly begins to accept the use of artificial heart implants, Levenstam and that Schroeder "did a double take" when he caught his first sight of another patient hooked up to the same kind of bulky drive until that sustains his own life. Before his operation Hayden barely had the strength to brush his teeth. But last week, when Schroeder ventured outside for his first breath of fresh air in almost 100 days, the two patients were introduced to each other. They raised their arms and waved.

—CY JACKSON

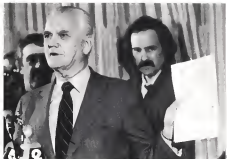
# An embattled general sues for peace

By Lenny Glynn

At the height of U.S. involvement in Vietnam, dissident Republican Senator George Aiken of Vermont made a blunt suggestion to his knowledge: "I am a pacifist," he declared. "I am a peace man." Aiken's words were not a victory and fell out. Last week Gen. William C. Westmoreland, commander in chief of U.S. forces in Vietnam from 1964 to 1968, seemed to heed that advice when he declared a ceasefire in his own war against the U.S. media. After 38 weeks of trial and 38 witnesses, Westmoreland abruptly dropped his \$120-million libel suit against CBS Inc., shortly before the ceasefire was set to go into the jury. Westmoreland had hand his suit on Jan. 1988, CBS documentary, *The Uncensored History*. A Vietnam Dispatch, which charged that his command had engaged in a conspiracy to suppress critical intelligence on enemy troop movements in the Vietnam War. Westmoreland's 1968 Tet offensive. And despite his declaration of victory, Westmoreland had clearly abandoned the field to the powerful foe he had pledged to conquer.

In exchange for dropping his legal attack on the network, Westmoreland was CBS's signature on a joint statement affirming that "CBS respects Gen. Westmoreland's long and faithful service to his country and his belief that Gen. Westmoreland was impartial and objective in performing his duties as he saw them." Then, at a heavily attended post-settlement press conference, the grizzled, white-haired former commander in chief II, argued that Westmoreland's statement had amounted to an apology. "I got all I wanted," he told reporters, adding that he never would have said but CBS made such a statement earlier.

But after two years of maneuvering and more than \$10 million in legal expenses for both sides, Westmoreland's assessment of the result was a lowly judgment. Indeed, most lawyers and journalists present at the trial agree that Westmoreland's withdrawal amounted to a clear-cut victory for the



Westmoreland's broadcast by David-Lee Smith of New York agreed that he also won the case

network. As well, Westmoreland failed to get a retrial or any cash settlement. And his decision to spare a jury verdict, which immediately rendered severely damaging testimony from former subordinates, bore all the marks of a hasty retreat. It was "a good day for journalism," declared the network's chief executive officer, Mike Wallace, the service of the depicted documentary and confidential in the suit.

The settlement ended one of the most grueling and dramatic libel cases in U.S. history, one that replaced the Vietnam debates and dreams over Vietnam. Westmoreland, appearing in Westmoreland's behalf included former defense secretary Robert McNamara and Lyndon Johnson's national security adviser, Walt Rostow—men drawn from the elite officials who of American jobs and shaped the war in Vietnam. They supported Westmoreland's contention that he had never deliberately deceived his superiors as to the controversy over enemy troop strength between the U.S. military and CIA analysts. By contrast, CBS's witnesses were mostly lower-ranking officers and intelligence analysts—generally the sources to whom reporters turned between 1964 and 1968 for more pessimistic views of the war's progress. In the trial, as once before in Vietnam, Westmoreland's ap-

parently strong case began to deteriorate after they had spoken.

Two former key aides to the general confirmed his allegations that Westmoreland had ordered them to pass back reports of enemy strength by deleting the Viet Cong's local "self-defense forces" from their reports. When cross-examination failed to shake these damaging charges, Westmoreland's credibility withered and two weeks ago his lawyer, Don Bert, requested settlement talks with the network.

The settlement will not end the debate about the fairness of CBS's libel proceedings while preparing the documentary, and the network has conceded that the filmmakers had violated some of its internal guidelines. Among the transgressions: reinterrogating a witness and showing a witness clips from other people's interviews.

Still, in the wake of recent libel suits that have had a chilling effect on American journalism, the outcome of the Westmoreland case provided a warning to public officials that going to court could result in further injury to already damaged reputations. Westmoreland's trial appearances suggested that, indeed, had happened to him, and, at the trial's unexpected conclusion, the same soldier declared that his only wish was "to fade away." □

## TECHNOLOGY

# Color photos at top speed

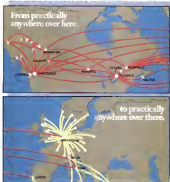
Thousands of out-of-town reporters and photographers crowded the Stanford Stadium in Palo Alto, Calif., for the Super Bowl on Sunday, Jan. 26. When it was over the photographers rushed from the stadium to ship their color film throughout the continent and overseas by air. But 15 minutes of the daily newspaper USA Today did it differently. One by one, a technician inserted the best transparencies into its electronic transmitter the size of a small truck, which was hooked up to an ordinary telephone line. Within minutes a photo editor at a video monitor in the paper's Washington newsroom was previewing copies of 18 shots, which a computer then broke down into their basic component colors, ready for offset printing.

Developed at the request of USA Today by the Irvine-based company Series Corp. Ltd., the Satlight color scanner is the world's first portable color picture transmitter. Because a recent upgrade to the machine enabled USA Today to transmit its pictures over ordinary phone lines for the first time instead of using scarce telecommunication lines, the Super Bowl test resulted in a decision by Satlight. Now it promises to revolutionize the industry, giving printed color images a timeliness approaching that of television.

So far, Satlight has sold \$500,000 Satlights worldwide, according to Paul Thiel, marketing vice president and director for Bedford, Mass.-based Series America Corp. At present, the company has sold about 200 of its computerized page layout systems which are necessary to manage Satlight transmissions to U.S. cities, including New York and New Orleans. Thiel said that the only competing systems only on large, nonportable transmitters which take at least half an hour to transmit a single photo and that Satlight's four-second transmission time minimizes the chances of faulty transmissions due to bad lines.

Thiel said that Satlight could revolutionize the newspaper industry by making possible a far greater use of color action shots. But for his part, University of Western Ontario journalism dean Peter Dehnbart, confessed that the "fantasy" of color pictures does not mean better journalism. Said Dehnbart: "Unless we also invest in human resources—journalists—it is a lot of technology wasted." —LESLIE PLOTZ

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## The sun's clouded future

Scrambling oil prices and uncertain supplies sent Western governments scrambling for alternative energy sources during the 1970s—and, among them, solar power seemed to be the most promising. But better-sunlit homes, more efficient cars, new oil field discoveries and a world oil glut have reduced the immediate need to search for alternative sources of energy. As well, high installation costs for solar units in efforts and homes—up to \$2,300 for a domestic hot-water system—have dimmed the attraction of solar power. Then, last November the federal government signalled that it too had become disillusioned when it cut \$31.6 million marked for alternative energy projects—including solar energy—from the National Research Council's (NRC) budget of more than \$500 million. Said Earl Hansen, executive director of the Canadian Solar Industries Association (CSIA), representing 134 firms: "Solar energy does not have political weight."

Since 1976 the NRC has spent \$48.2 million on research and development of solar technology, and Ottawa recom-



Hansen, an industry crippled by cuts

mand the purchase of solar energy units with \$10 million worth of subsidies. Indeed, a contractor installing a \$2500 solar heating unit is eligible for a 50-per-cent rebate. Partly because of these subsidies, total sales of solar energy units rose sharply—to \$55 million last year from \$4 million in 1980. But the government will phase out the subsidies within three years, and the CSIA says that it fears restraint will cripple an industry too small to support research in cheaper solar energy systems. Declared Hansen: "It cannot generate the spark."

For his part, NRC secretary general Clive Wilfrid dismisses those fears and insists that the federal government will still give some grants to companies for research. Said Wilfrid: "We have to reduce expenditures, it doesn't mean that these areas are low priority." Despite Wilfrid's reassurances, Ottawa energy consultant John Foster says that massive support for solar energy is a liability under a Tory administration. Declared Foster: "The Conservatives' support comes in part from the West, and the government needs to be supportive of the oil industry. It is not beholden in any way to the renewable energy industry." Unless there is another energy crisis, solar power will likely continue to languish in the shadow of government indifference. —DAVE BURKE

## A rebel of the plains

REG HEAR

*By Hugh Dempsey  
(Douglas & McIntyre 227 pages, \$21.95)*

A century ago the Canadian Prairies erupted in violence. Angry at the white man's encroachment on their lands and the disappearance of their way of life, the Métis in what is now central Saskatchewan established a provisional government. White businessmen, fantasizing on the character, disturbed Métis leader, Louis Riel, usually referred to the uprising as the "Red Rebellion." But most of the military engagements matched the Canadian forces against the desperate, half-starving Plains Cree, who mistrusted and never quelled Riel. In his subtle, sympathetic biography of Big Bear, the veteran leader of the Cree, Calgary historian Hugh Dempsey convincingly shows that his subject was not the war-mad ogre of contemporary myth but rather a man of good will who struggled to keep the peace.

Born in 1855, Big Bear was a visionary and a distinguished warrior who fought

many battles against the Cree's ancient enemies, the Blackfoot. He became a prominent Cree leader at a time when all great Indians were ending under threat. Whisky traders, smallpox and a

steep decline in game populations endangered them, and many accepted the limitation of reserve land and the vague promises of help from the Canadian government. But even when American and Métis hunters had exterminated most of the buffalo, Big Bear and his followers preferred to live off the land.

By the spring of 1885, when Riel's rebellion broke out, Big Bear was no longer in control of his group. Younger Cree leaders pressed for a chance to take revenge on the intruders who were reducing the Cree to a subordinate, submissive people. Dempsey plans from Big Bear for mercy, the

Cree killed nine white men, including two priests, at the little settlement of Frog Lake. The government crushed the subsequent rebellion within three months and brought Big Bear, among others, to trial because he had become a symbol of Cree independence. Six out of seven whites testified in his defense, but the legend proved stronger than the truth. Convinced of treason, Big Bear was sentenced to three years in jail. He died in 1898, broken in spirit.

The originality of Big Bear arises from its perspective on Indian-white relations. Dempsey shows how poorly the Indians understood their new masters. Big Bear conceived of government "not as a haphazard gaggle of bureaucrats but as a single man, elderly (hence the prestige) rich (hence the gifts) and desirous of owning the Cree lands." While not understanding the Indians' title better, they failed to realize that Big Bear's position as political leader never gave him the military control of his people. His nobility expressions show that the joys of war were far in his understanding. —MARK ABLEY



Big Bear, visionary

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## Bloodshed in the Pacific

EAGLE AGAINST THE SUN  
By Ronald Speiser  
(Collier Macmillan, \$20 pages, \$29.95)

A masterful retelling of the United States' Second World War campaign against Japan, *Eagle Against the Sun* is the work of Ronald Speiser, a professional historian who served with the U.S. Marines in Vietnam. Speiser combines scholarship with style. The result, one of the best one-volume treatments of the subject yet published, stresses strategy, increasing with admirable clarity such great naval battles as Midway and Leyte Gulf in an area in which more sea battles occurred and more warships sank than in all other 20th-century campaigns combined. *Eagle* also covers the brutal and brutalizing campaign for New Guinea and the Philippines and the numerous amphibious island invasions that were a staple of the war. As one wounded GI commented after the murderous assault on Iwo Jima in 1945, "I hope to God that we don't have to go on any more of these sunny islands."

The author's analysis is straightforward. "Superior American industrial power and organizational ability" secured Japan's defeat, he writes. The ability to outproduce the other side made the difference in what became a war of attrition. But the Japanese's greatest challenges remained the swelling of troops and supplies and the allocation of scarce resources.

In 1942, to avoid rivalry between the army and the navy, the U.S. joint chiefs of staff divided the Pacific into two theaters of war. That placed Gen. Douglas MacArthur and Admiral Chester Nimitz in separate commands—which left them competing for resources. Political rather than strategic considerations also influenced other decisions. Speiser contends that much of the Philippines campaign was unnecessary and he assigns most of the blame to MacArthur's unquenchable vengeance.

The atomic bomb ended the war. The generals regarded it as the only alternative to an invasion of Japan, for which the casualty rate, based on such recent assaults as Okinawa, was expected to reach 280,000 American dead or wounded. After the bomb, Speiser writes, "machines of war had achieved the power to match natural catastrophes in destruction and... neither the innocent nor the helpless were spared." As his impressive book makes clear, the United States had unleashed a new era.

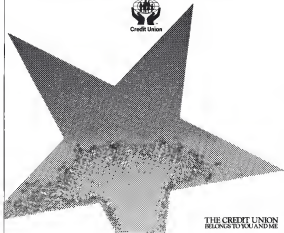
—Gregory Wallace

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## Victory's awkward legacy

May 8, 1945, remains riveted in history as the day that Nazi Germany surrendered to Allied forces, ending a war that claimed more than 50 million lives. But for many of the current governments of those allies, commemorating the 50th anniversary of V-E Day threatens to produce major dip-

lomatic headaches. The problem: how to celebrate the victory over Nazi tyranny and acknowledge the sacrifice of Allied soldiers without offending West Germany, a favored ally. Now, most Western nations appear to have settled on a compromise, authorizing public celebrations which will keep jingoistic

flag-waving to a minimum. But in West Germany itself, the anniversary has only intensified an old and bitter debate over whether May 8 is a day to be celebrated, or even to be brought to the fore of Germany—at best ignored.

In planning the celebrations the United States, Britain and France were clearly anxious to avoid a repetition of last year's snafu in West Germany, when they polemicly excluded it from ceremonies marking the 40th anniversary of the Germans' headlong rushing for the appropriate tone. British Prime Minister Margaret Thatcher seemed not to have been last month that instead of celebrating May 8 as a military victory, Britons would mark the day as symbolizing "40 years of peace in freedom." Thatcher's theme appeared to appeal to Ronald Reagan, who is expected to stress the theme of reconciliation in his May 8 address to the European parliament in Strasbourg, France.

For his part, Chancellor Helmut Kohl said that he wanted the date to be honored as a "liberation from barbarism" which signalled the birth of democracy in West Germany. But Kohl's talk of liberation—clearly designed to win favor from the two-thirds of Germany's population born after May 8, 1945—aroused criticism from across the political spectrum. The left-leaning weekly *Der Spiegel* declared, "We did not liberate ourselves, and a big part of Europe was not freed at all." Even a leading figure in Kohl's own conservative CDU party, Alfred Dregger, opposed his leader's stance.

Meanwhile, a refugee group known as the *Silesian League* attracted wide attention in a move that seemed deliberately calculated to inflame the debate. The league, which claims to speak for two million Germans driven out of Silesia when most of it became part of Poland in 1945, first announced that it was holding a rally in June under the motto "Forty years of banishment... Silesia remains ours." Then, after a sharp rebuke from Kohl, who is scheduled to speak at the rally, group leader Herbert Hupka defiantly trumpeted that Silesia was "the property of all Germans."

The expansionist rhetoric, coupled with the announcement of Kohl's participation at the planned rally, played squarely into the hands of the Soviet Union, currently waging a sharp propaganda drive against what it says is a resurgence of expansionist sentiment in West Germany. The wave of shock, anger and embarrassment that greeted the outbreak made it plain that few Germans agree with the league. But it was clear that the incidents were extreme symptoms of a common German malaise: how to live with the verdict of May 8, 1945.—PETER LEVITS in Bremen, with Sue MacIntyre in Vienna.

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Goldblum, Pfeiffer coasting corpses instead of sheep in a nocturnal adventure

### FILMS

## Strangers in the night

INTO THE NIGHT

Directed by John Landis

**I**nto the Night, a ramshackle and often silly comedy-thriller, begins on a serious note. The hapless hero, an insurance engineer named Ed (Jeff Goldblum), is an insensitive who claims that he had his last good night's sleep sometime back in 1980. The restorative powers of sleep do eventually come to him—unfortunately, during the middle of the day—and his job suffers. To add to his problems, he discovers that his wife has started to cheat on him. Rather than rage and turn, Ed decides to drive to the Los Angeles airport in the hope that a nocturnal spin will have the same effect as counting sheep. He gets more than he bargains for in the parking lot: a man is killed and Ed helps his beautiful companion, Diana (Michelle Pfeiffer), escape. Suddenly, Ed's sleepless life turns into a romantic, treacherous dream.

Director John Landis (Trading Places) dismisses the wonderful promise of those first scenes and turns the movie into a conventional chase. Diana has cornered jewels from the treasury of the slak of Iran into the United States, and some bombing hot dangerous business want these back. Viewers are unlikely to be bored by *Into the Night* but they may be unsettled by its mayhem. Corpses litter the landscape, and the graphic, relentless violence is constantly at odds

with the movie's otherwise playful tone. A slaughter inside a palatial penthouse seems added to from a darker, sinister tale. Ed's tracking plight is forgotten; he is merely a pawn in the plot.

*Into the Night* has plenty of well-known faces to move around its complicated and not always logical maze-behind Landis, who plays one of the elusive Iranian businessmen, has gathered a number of directors and cast them in small parts. Paul Mazursky (Twelve) as a burned television producer, David Cronenberg (Videodrome) as Ed's dad boss, Lawrence Kasdan (The Big Chill) as a detective, and Roger Vadim (Barbarella) as a mysterious Frenchman. The rest of the cast do give performance as much as put in appearance: Dan Aykroyd as Ed's best friend, David Bowie as a vicious killer, Richard Purnawartha as a dying millionaire, Vera Miles as his bossy wife, and Bruce Payne as a female Iranian goldfish.

But all the cinema cannot obscure just how empty, jumpy and unfocused *Into the Night* really is. The confusion between the stick-jawed, dopy-eyed Goldblum and the gorgeous Pfeiffer becomes lost in the scenario. The movie is really a vanity production where Landis and friends have a better time than the audience does. *Into the Night* is much less than the sum of its parts.

—LAWRENCE O'TOOLE

## Sex as an act of resistance

A LOVE IN GERMANY

Directed by Andrey Kravtsov

**A** Love in Germany opens with alluring shots of a train ride through present-day West Germany, ending at Braunbach, a sleepy village near the Swiss border. There the cinematic narrator (Olga Kurylenko) and her 17-year-old son (Lambert) and switch to bicycles. The summer day is warm, and the usual track barbs forth comically. Then, *A Love in Germany* flashes back 40 years in time to a scene of a little boy sitting on a grocery store counter—casually holding a teddy bear with a sweet design on it.

It becomes clear that the narrator is the young boy and that his mother, Pauline (Olga Schlegel), operates the Braunbach grocery store while her husband fights in Hitler's army. Pauline becomes entangled with a young Polish prisoner of war, Stanis (Piotr Lysak). But under Nazi law, a liaison between a German and an inmate non-Aryan is punishable by death.

*A Love in Germany* is best when it dramatizes the banal, deceptively benign face of fascism. It shows a town where the residents have become Nazis as a matter of course and good friends with an unimpeachable "Heil Hitler!" The character lives outside of the unsatisfactory protagonists because they are hardly more principled than the Nazis around them. Stanis is passive, blind and maddeningly apologetic, and Pauline, reckless with erotic desire, is too cold to show her own conviction. Although their passion is displayed in vivid, torrid sexual overtures, Stanis and Pauline fail to demonstrate the necessity of their love.

Director Andrey Kravtsov aims to reveal the arrest, imprisonment and impending execution of Stanis as a major martyrdom. Inside the German prison, as the Nazis try to force an arrested Pauline, Wiktor (Daniel Olbrychski), to set up Stanis' hanging, the film turns suddenly into an allegory about Polish freedom—the overt subject of the Polish director's pro-Solidarity classics, *Man of Marble* and *Man of Iron*.

The analogies to present-day Poland are inappropriate in a picture concerned with the war of course. Still, Stanis have been made about the period, but I don't think it's possible to say it all. The narrative explains about life under the Nazis that Kravtsov cannot also describe Kravtsov's own terrifying story.

—GREGORY FRANK



# The parties on The Rock

By Allan Fotheringham

When I become Prime Minister (I may), there will be enacted a new law applicable to all Canadians. It will be that all citizens of the land not already living there be compelled to visit Newfoundland at least once before they croak. You must realize to be a Canadian you have seen The Rock, where it all started, here talked to the News and had your smokes cleaned out with a little shot of Newfound-land remnants so that there is something older than a shopping plaza in Edmonton, that there are more serious things in the land than Harold Ballard, and Canada is not, as a litchy Fleet Street paper depicted it, "The great white waste of time."

St. John's harbor is timeless, appearing today as it must have when John Cabot or whoever sailed in around 1498. Cabot's real name was Giovanni Caboto, and he was born in Genoa, but I digress. Water Street is the oldest street in North America, as some of the fish and chip shops seem to testify. High on the hill sits Joey Smallwood's legislative building, looking like a miniature version of early New York skyscraper, the only legislative building in Canada built on the vertical scale, as if Newfoundlanders were to struggle toward the sky, out of the bleak reality of The Rock.

We are, for purposes of research, at Murray's Pond Fishing Club, a spot of rural beef haven outside St. John's where the prissy interest when the cows of the west fall on their flanks and gently, mild (I mean, behavior) in the only sedition in the annals of the soil. The occasion is a St. Valentine's Day costume dance, the event attractive to the lawyers, doctors and stockbrokers who allegedly fish at Murray's Pond. The event is a magnificent success, spotlighted by the presence and wealth of St. John's lady who quon dressed as a stripper from a military base in West Germany, where in her fight wig, above the neck she looks remarkably like Cher. Below her neck

she looks like, well, a stripper from a military base in West Germany, with accoutrements that Cher has only dreamed about. Her husband is dressed as an Arabian shik, as only he can afford the chandelier-like diamonds that dangle from her exotic earrings. Robin Hood and Maid Marian are here, as is the Queen of Hearts and her suit—who turns out to be her modernizing husband in purple wig, bee-stung lips and tight pink emphysema mask.

There is only one disconcerting factor. Riffing through the costumes, early on, are a number of beards, a number of



beards. They do not fit. They are, at times out, headed for another party upstairs, a party hosted by Clyde Rose, publisher of Breakwater Boats. Rose, with a bushy beard and a curly personality, is an interesting character, as is almost anyone who lives in Newfoundland. He has spent all his life, save three years in Montreal and a short stint in London, here. He was born in an outport, a fishing village that sits in the cliffs of The Rock, his ancestors there for 300 years. When Rose and other Newfoundlanders from the outports arrived at Memorial University they were required to go to classes in "unlearn" their dialects, to learn how to "speak English" as Canadian or whatever it is called "Imagines" Rose howls, "wiping out 300 years of oral tradition. It was like brainwashing."

Downstairs, it being full of lawyers and several foreign politicians, there is much talk of Dick Hatfield and Bob Corbin. The jokes have a Newfoundland

land twist, and therefore are unrepeatable. Everyone admires the looker from Labrador, the bit of the dance floor. Someone points with lipstick the navel of the Queen of Hearts's suit. Beards and Clyde are here, Clyde being someone who once attended his parents by defending Overpass in their court battles over the seal hunt; the wannabe Bette, who looks like a younger Julie Christie, in real life is a PhD student in English. She packs a mean machine gun.

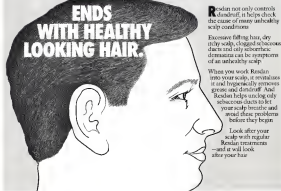
Upstairs, the beer flows. A poet in a striped black cowboy hat and hostile smile tears the music out of a fiddle. An actor with a magnificent belly holds forth as a tiny fella. There are several accordionists and much mirth. All the old Newfoundland songs are dragged out, and most everyone knows the words. It is dark and close and intimate. You can feel the culture of the island, still in the salt air.

Downstairs, the scotch flows. As the music rises and slips into boom-boom time, a young schoolteacher with the clean good looks of a Hollywood teen idol strikes the lady from Labrador and does a mock bullfight with his jacket as cape. Encouraged by the throng, he attempts to remove—the syncretized fashion—the fashionable lady's fashionable disco-hair array. It is a wild dance, guitar belts peaking, a game that is a little more than a game, everyone wondering just how far it can go. The fish, shimmering outside beneath the ice of Murray's Pond, seem blithely unaware of the contrast within, but the two floors of the late-evening revelry illustrate pretty layers of Newfoundland society, one affluent, the other poignantly trying to consolidate something. Upstairs, the fiddle speaks and the accordionists moan. The respectable stripper whisks and escapes, only to return for another escape. The teacher eyes off his short. His wife drives it home to maintain him. The poet upstairs count their sea shanties. This is Newfoundland, 1985. The country club not waiting for the riches of the Hibernian golf fields to arrive. The other set appears desperately trying to hang on to the past. So they won't be "unlearned."

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